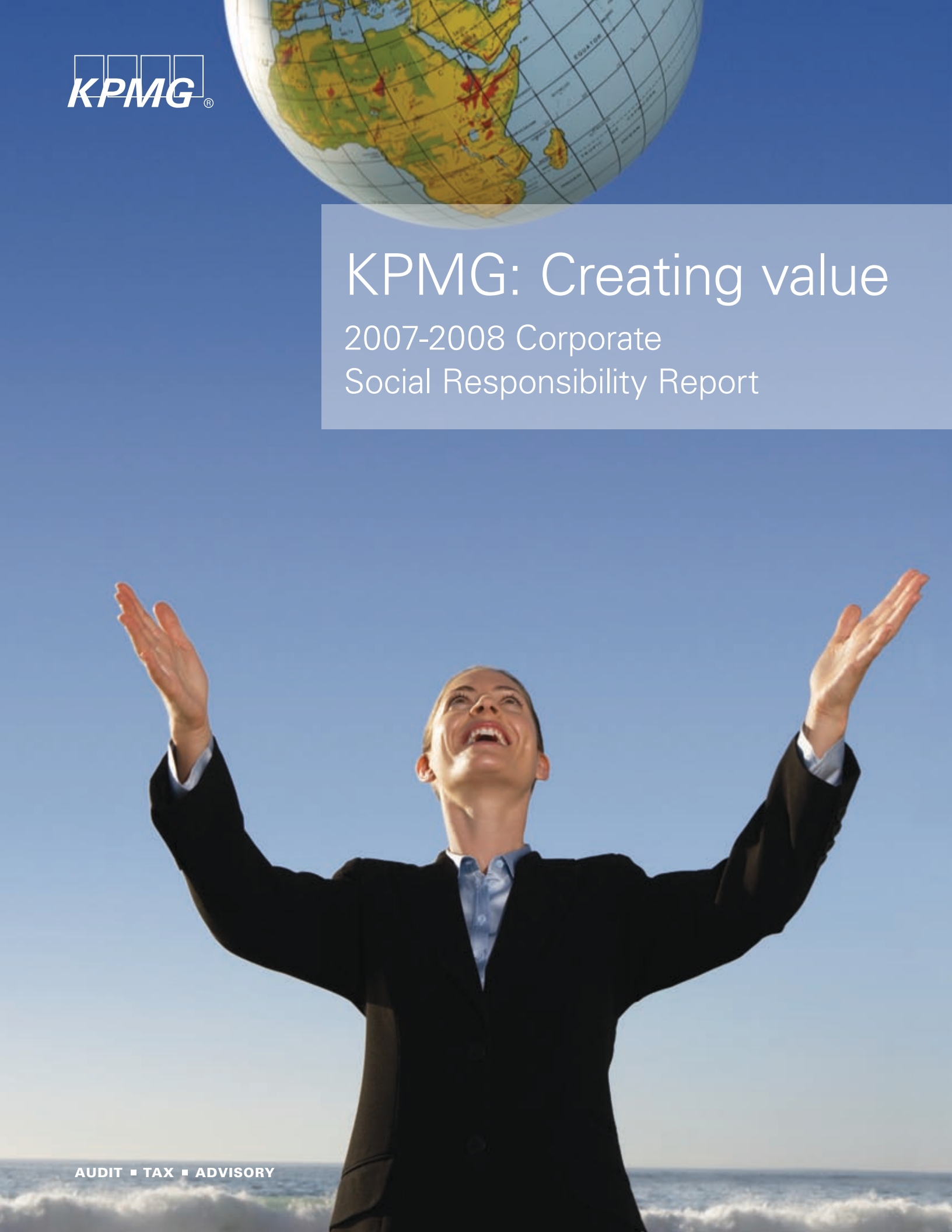
KPMG®

KPMG: Creating value

2007-2008 Corporate Social Responsibility Report



AUDIT ▪ TAX ▪ ADVISORY

2007-2008 Corporate Social Responsibility Report

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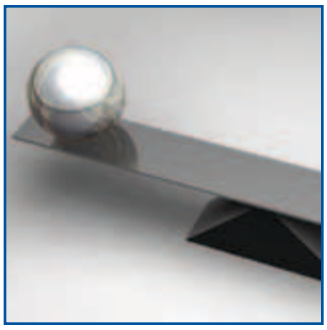
20 

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Casa PACO

Casa Hogar Ma. Cristina

Anímate a Estudiar

Chapultepec Park

At KPMG, Corporate Social Responsibility is supported by each of our core values and ranks high on the list of priorities world-wide as evidenced by its scopes and results.

For over 60 years, at KPMG Mexico we have worked in many different ways in providing benefits to our stakeholders. I strongly hold the opinion that we have an extraordinary workforce that can do much to improve the world we live in.

Over the past year, we have placed more emphasis on making these actions more consistent, organized and productive. We have formed the Social Responsibility Committee, clearly defined guidelines and strategies and took different actions which, I trust, will be favorable both to those who work for the Firm and for our community in general.

I am privileged to work with people who, beyond their personal benefit, dedicate time and efforts to support others, seeking a better future for all.

Our partners, employees, clients and suppliers are a clear example of how teamwork can make the difference. I urge you all to become involved.

This report is intended to recognize the participation of each of these individuals and report the results attained. The report includes Firm initiatives and, equally important, initiatives proposed by our people.

My thanks and admiration to all of you who have made this year one of progress and satisfaction.

Each of our actions, both as a company and as individuals must be premised on Social Responsibility; we are working to achieve it.

Guillermo García-Naranjo
Senior Partner KPMG Cárdenas Dosal.

Nationwide, KPMG people support and intermingle in the communities they live in.

The definition of what constitutes a company's social responsibility has come a long way in the last 10 years. Then it was often about giving to charitable causes, volunteering on community schemes and observing high standards of ethics and governance - all of which remain very important. In recent years the agenda has moved on considerably. Now we have a much more developed understanding of what it means for organizations to be actively engaged in society. At a global level we talk about Corporate Citizenship.
That term describes a much more active and engaged approach to tackling the major issues that confront societies today.

Companies and partnerships like KPMG with vision are now taking their place alongside other important stakeholders - governments, civil society groups, and international agencies - at the heart of decision making on issues like climate change, environmental protection, food and water scarcity, poverty, security and development as well as developing key education services to boost a nations enterprise potential. And increasingly many, like us, are asking: how can we lend our skills and experience - the tools we use each day in our work - to make a difference in tackling these huge problems and create a more sustainable world?

I'm particularly delighted that more and more KPMG people are realizing that what they have to offer goes beyond signing cheques or occasionally volunteering - vital though that is. Increasingly they are making their knowledge available to the organizations and agencies who daily rub shoulders with people at the rough end of life. That gives us, locally and globally, a chance to make a real difference in securing a more sustainable future.

This year the KPMG Global Citizenship team launched new Internet and intranet sites, and an internal marketing campaign to promote the corporate citizenship agenda. I am pleased to say we are working with a KPMG Firm like Mexico by exchanging best practice ideas and inspiring stories.

Our key message is our skills, whatever they may be, are transferable. What we do for our clients every day may seem a million miles away from community projects, even more so tackling global issues such as climate change and extreme poverty but it's actually very similar.

I urge to get involved and for further information, tools and resources to support and promote your campaigns go to: http://citizenship.kworld.kpmg.com or www.KPMG.com.

Michael Hastings
Lord Hastings of Scarisbrick CBE, Global Head of Citizenship and Diversity, KPMG International

About the report

While many of our actions in matters of sustainability have long existed within our Firm, there are others that have recently been introduced. This report covers actions undertaken since the creation of the Social Responsibility Committee in May 2007 to September 2008, consolidating our performance in the management of economic, environmental and social activities conducted by the 18 offices of KPMG, Cárdenas Dosal, S.C. located nationwide.

The information presented throughout this report is the result of a joint effort between senior management and the employees of KPMG, who have worked in compiling and presenting the information in order to produce an accurate and timely report.

In defining the report content, international reporting criteria was used such as that of the G3 Guide for preparing sustainability reports of the Global Reporting Initiative (GRI)[1] These criteria are amongst the most widely used by local and international organization for submitting an annual sustainability report addressed to its stakeholders and to the general public. We also relate such indicators, the UN Global Compact Principles and the information required by the Mexican Center for Philanthropy (Centro Mexicano para la Filantropía or CEMEFI) to certify organizations as Empresas Socialmente Responsables (ESR or Socially Responsible Companies).

In using the principles of accuracy, punctuality, credibility, clarity and transparency noted in the third generation (G3) of GRI guidelines, we aim at showing the Firm's commitment to Sustainability in a transparent and objective way.

Accordingly, we have compiled this report, showing the relevant performance indicators and areas of opportunity detected as part of our Firm's activities and ongoing improvement process.

We proudly share with our stakeholders this first report, hoping to lay the basis for continuous improvement in presenting our progress in economic, social and environmental matters.

We are aware that much improvement has yet to be achieved; we have identified areas of opportunity and we are working on them. Everything has to start somewhere and we have taken our first steady formal step in making the Firms activities transparent.

Jorge Moreno Palacio
Chief Operating Officer
Chairman of KPMG Mexico's Social Responsibility Committee

[1] See web page: www.globalreporting.org

1.

Our company and its commitment to sustainability

KPMG International is a global network of member firms that provides Audit, Tax and Advisory services. We operate in 148 countries and have 123,000 people working in member firms around the world. From Afghanistan to Zambia, KPMG people come from many different backgrounds, but everyone shares a common set of values and follows the same code of conduct, which includes our commitment to sustainability.

1.1 Brief historical outline of KMG in Mexico

1946: Peat Marwick, Mitchell & Co., with only 8 staff members commenced operations in Mexico, focusing primarily on providing financial auditing services to U.S. clients. **1947:** The Firm was hired for its first engagement for the financial sector, one of the industries where KPMG currently has more penetration and recognition. In like fashion, the Firm wins certain engagements outside Mexico City. This allowed the Firm's local growth on a steady and dynamic fashion.

50's: Sustained growth supported by the International Firm; more US and Mexican client wins. 1956: the tax practice officially opens.

60's: Active and altruist participation in regulatory bodies such as the Mexican Institute of Public Accountants and the Academy of Tax Studies of Public Accountancy. With a headcount of 80 to attend to the needs of approximately 400 clients, the Firm began accepting partners. **1967:** The Monterrey office opens to consolidate the Firm's presence in the Northern region. Growth through acquisitions is crucial. **1968:** The Consulting practice makes a start with the design of a reliable information system to inform the results of the various Olympic competitions. Work is undertaken in projects for the Inter-American Development Bank and the World Bank in Latin America that related to finance, marketing, industrial engineering and data processing matters. The Firm was already multidisciplinary. **1969:** Guadalajara opens its office owing to the number of large clients in the Pacific region, thus consolidating the three regions that are currently core for the Firm's management, operating and commercial approach.

70's: Publication of the "International Tax & Business Guide to Mexico", which preceded the current "Investment in Mexico" publication, demanded by our clients and the market on relevant subjects and efficient practices. **1976:** Eduardo Dosal de la Vega is admitted into the partnership, whose last name is carried by the Firm's partnership name to date.

80's: The Firm pioneered innovative concepts such as the System Evaluation Approach (SEA) based on an analysis of internal control, which was afterward changed to a more advanced version, the Systems Evaluation and Documentation of Controls (SEA-DOC). The SEA-DOC focused on critical business aspects and risks. Specialized practices such as the German practice were introduced. In like manner, the automation of the audit process begins with the then current 2170 system, thus kicking off the use of technology using Macintosh portable computers and making us forerunners in taking such equipment to work at the clients' premises. Professionals were first sent on assignments between Mexico and other countries for firm staff members to gain understanding of other cultures and a global vision. **1981:** The Firm's first specialized industry-level practice, the "Financial Sector" becomes consolidated. Again, the Mexican Firm led the first audit of a commercial bank: Banco Nacional de Mexico, an account won through a bid with the participation of the then "Big 8" international accountancy firms. The Firm became involved with various universities as well as with teaching and knowledge-transfer centers. **1985:** To keep pace with demand for services the Firm opened new offices in Mérida. Ciudad Juárez and Tijuana and the Firms Peat Marwick International and Klynveld Main Goerdeler merge worldwide to form **KPMG.** The Firm's accomplishments in Mexico were such tat local partners were admitted to the Partners Directory of KPMG International and represented local institutions such as the IMCP (Mexican Institute of Public Accountants) and the International Accounting Standards Board.

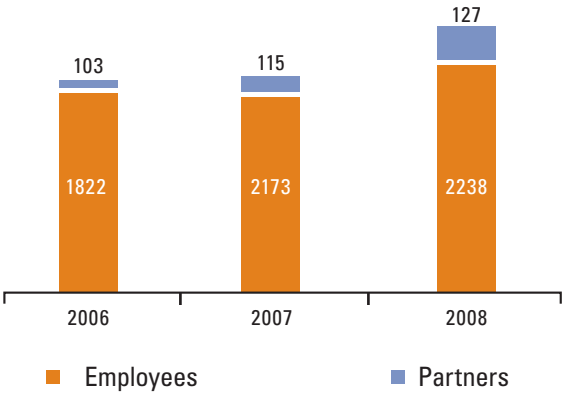
90's: Consolidation of KPMG. The Mexican Firm's partners are either members or lead Public Accountancy organizations, both locally and internationally. **1993:** KPMG evolves in terms of Corporate Governance, creates Committees, especially the Quality Committee and implements a quality interview process for engagements made, which would eventually become our formal "Client Care" process. Reacting to the need for specialization, the Firm adopts a lines of business structure. **1996:** An unprecedented 16 partners are admitted into the partnership and 300 staff members are promoted nationwide to a headcount of roughly 1,300. **1997:** The Advisory practice gained a firm foothold with a group of approximately 140 employees focused on advanced technological subjects such as the implementation of ERP (Enterprise Resource Planning) systems. New services are offered for the first time, such as: transfer pricing, financial advisory services, assessment of business risks and technology risk management. **1997-1999:** Five new offices are opened in the cities of Reynosa, Puebla, Mexicali, Toluca and Chihuahua.

Social gathering day and handing out of backpacks at *Fundación para el Servicio*

2000: Growth with the strengthening of the internal risk and ethics management and contribution to market value through initiatives such as the Industries Program and the Capital Markets practice. The motto **"understand client needs to turn knowledge into value"** is fortified by formalizing the Client Care service evaluation program. We seek to share knowledge with the Mexican business community through initiatives such as the Audit Committee Institute (ACI), aimed specifically at board members and senior management, with increasing Firm presence of ACI members in the International executive board. **2007:** The Firm decides to formalize its desire to reciprocate with society and creates its Social Responsibility Committee.

After 62 years of existence in Mexico, the Firm reflects its commitment to the country, the business and economic community, its clients, employees and chain-value participants. The thrust and enthusiasm of the Firm's personnel recalls those past years as a motivational anecdote and, above all, to ensure that KPMG is a Firm with a structure, approach, operations and philosophy based on Sustainable Development that generates value in all respects, both for the Firm, and its people, community and all those in any way related to us.

Today, KPMG Cárdenas Dosal, S.C. is proud to provide services on a nationwide scale, distributing its resources and knowledge through its 18 strategically-located offices.



KPMG People

During 2008, our headcount increased by 12% and two new offices were opened in Saltillo and Cancún for a total of 18 offices nationwide. This improved our share of local markets and closeness with clients.

KPMG Mexico has 127 partners and 2,238 employees nationwide, all strategically located in three geographic areas: North, Pacific and Center, which allows us to optimize resources and provide better services to our clients, regardless of their location.

Center	Partners	74
	Personnel	1350
North	Partners	26
	Personnel	386
Pacific	Partners	19
	Personnel	355
National	Partners	8
	Personnel	147
Mexico	Total	2365

The headquarters of KPMG Mexico are located at Manuel Ávila Camacho No. 176 P1. Col. Reforma Social; C.P. 11650, Delegación Miguel Hidalgo in Mexico City.

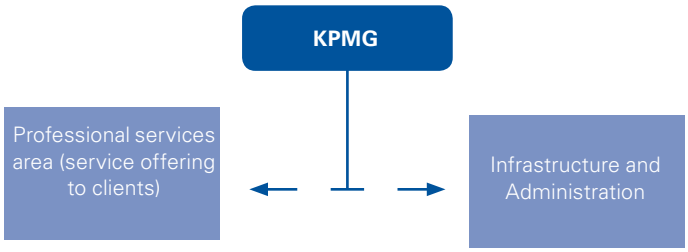
KPMG Mexico is a solid Firm consolidated through time. We turn knowledge into value for the benefit of our clients, our people and the capital markets.

1.2 Operating areas

KPMG's structure is divided in two large areas: professional services and infrastructure.

The professional services area is, in turn, divided into three basic lines of service (functions): Audit, Tax and Advisory (RAS and FAS), taking into account market needs as well as the talent and experience of our staff. In spite of recognizing technical differences between the services provided by such functions, we work for delivering integral solutions to clients by coordinating services provided by all three functions.

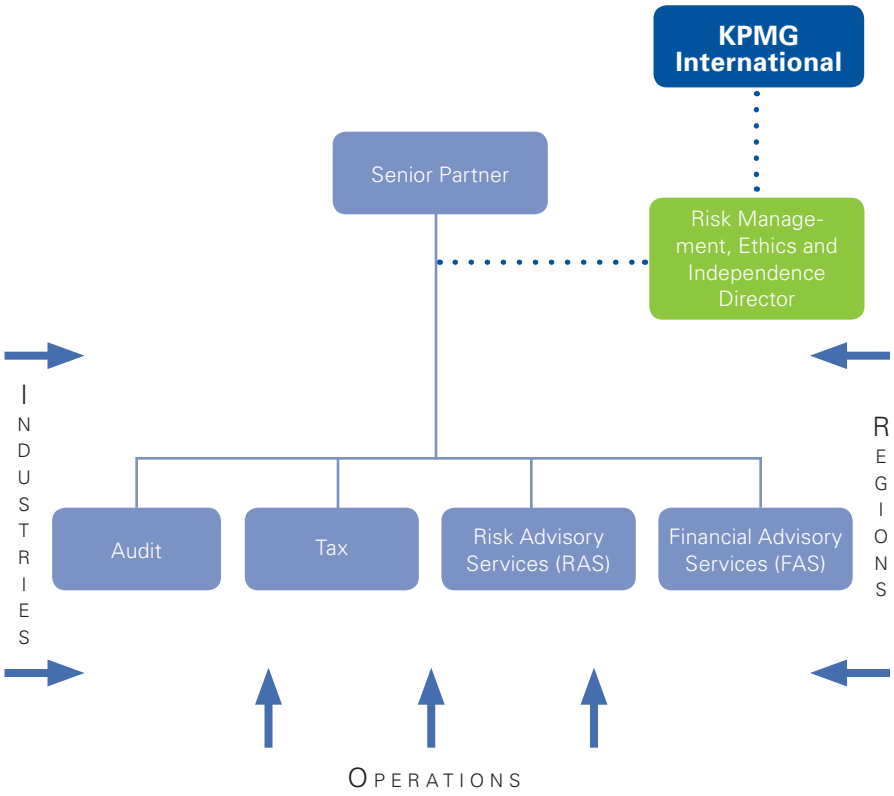
The professional services area is led by a partner who, supported by other partners, provides the organic structure thereof, with different levels to provide clients with a team balanced in terms of experience required and reasonable costs.



All our areas report directly to the Senior Partner and are supported and supervised on an ongoing basis by the Risk Management, Ethics and Independence Director who at all times oversees the interest both of the Firm and clients, as to compliance with the related regulations and guidelines as well as with good practices and image-related rules.

Administrative support lies with the Chief Operating Officer who is charged with providing all resources and support required by the professional areas to provide quality client services and streamline operations. Areas reporting to the COO are:

- National Commercial Direction
- Information Technology Direction
- Controllership and Finance Direction
- Human Resources Direction



Basic Firm structure

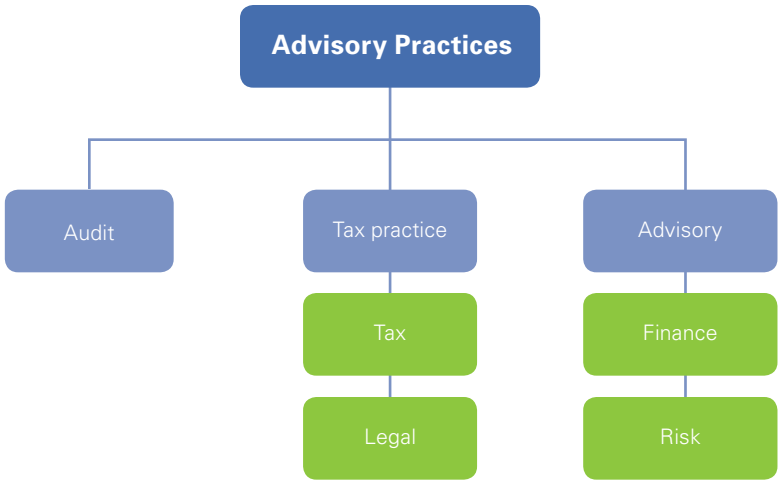
Currently, the Firm has 127 partners in total. Their number and location is defined considering client services provided throughout the Mexican Republic and management issues of our different offices.

KPMG Partners per function

1.3 Major services

Our services span a wide range of local and international markets, which we have continually and successfully advised. We serve the following industries:

- Food
- Automotive
- Finance
- Communication
- Information
- Entertainment
- Consumer products
- Manufacturing/maquila
- Pharmaceutical
- Laboratories
- Services
- Government



Audit

Through the Business Measurement Process or BMP audit methodology, KPMG has the necessary processes for strategic analysis required for transparent financial and administrative reporting that provide assurance and the required elements for improved decision-making. Thus, risks are timely identified and transformed into opportunities for enhanced use of resources and operating efficiency.

Tax

KPMG offers its clients a full range of tax-related services to assist them in duly complying with their state, federal and international tax obligations. The Tax Practice offers tax advisory, strategic and compliance services to help clients increase stockholder value, improving company profitability.

Core services include:

- Corporate taxes
- Transfer pricing
- Social Security and Remuneration
- International Executive Services
- Legal

Advisory

Financial Advisory Services (FAS)

Corporate finance advice to assist businesses in capitalizing on business opportunities, face financial adversities and support acquisition (due diligence) processes through the services listed below:

- Company valuation and sale
- Advice on debt or equity financing
- Mergers and acquisitions
- Corporate restructuring
- Joint ventures

Corporate Risk Advisory and Risk Control Services (RAS)

Integral advisory services to meet the business strategic and financial goals. Through an integrated service approach in risk management, information security, process analysis, financial risks, internal audit and human resources services, we provide advice on:

- Information risk management
- Comprehensive business risk management; internal audit; corporate governance; Sarbanes-Oxley, JSOX
- Financial risk management
- Business process improvement
- And to Chief Financial Officers

Furthermore, services covered by RAS include advice in Sustainable Development (SD) matters. We assist in defining management models and related strategies. Among many other services relating to this issue, we prepare and verify SD reports.

All KPMG services have been developed so as to create value not only for the client and the Firm, but also for all parties involved.

1.4 Vision and commitment to sustainability

Our commitment to a better future. We take advantage of our personal and professional talent which we put to work to enhance our communities.

Corporate Social Responsibility has risen to the top of KPMG's global agenda and, particularly, in that of the Mexican firm. We seek to use the talent of our people in working on issues besetting the world and that may only be overcome if we all pitch in; therefore, we must all assume our responsibility as a business and as individuals.

KPMG works under a sustainability framework where we make our business grow while establishing a balance with the environment and promoting social development in our community.

As part of its sustainability commitment, KPMG created the Social Responsibility Committee, charged with defining, implementing and monitoring the totality of the Firm's corporate responsibility strategies that make an impact chiefly on community and environment-related topics. This Committee proposes to increase Firm and personnel involvement in any social responsibility-related actions or initiatives.

At KPMG, Corporate Social Responsibility represents the commitment to work in aid of our stakeholders and the environment, thus contributing to a better future for all.

1.5 2007 – 2008 Awards

Based on its interest in corporate social responsibility and sustainable development issues, KPMG Mexico has been awarded both domestic and international awards:

AMCO (Mexican Association of Communicators) Merit Award for our Internal Communication Program

Socially Responsible Business (ESR)

Best Practices (Ethical Business Management) (RSE)

Employer of choice

For complying with quality hygiene standards in the handling and preparation of food and drinks. "Distinctive H"

Best companies that offer strong career advancement opportunities

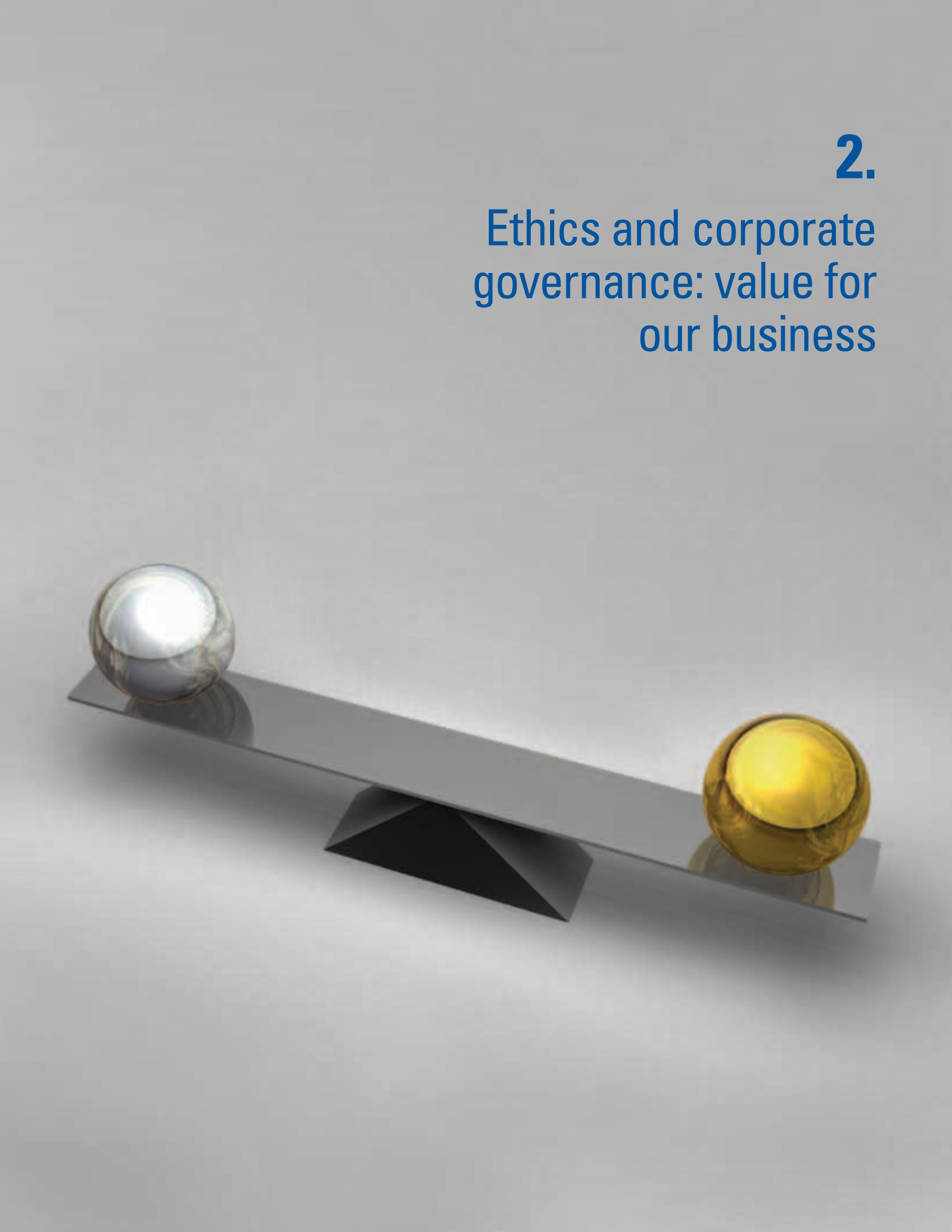
EXPANSIÓN SÚPER EMPRESAS 2007 LOS LUGARES EN DONDE TODOS QUIEREN TRABAJAR

EXPANSIÓN SÚPER EMPRESAS 2008 LOS LUGARES EN DONDE TODOS QUIEREN TRABAJAR

EXPANSIÓN SÚPER EMPRESAS 2008 PARA LANZAR TU CARRERA

2.

Ethics and corporate governance: value for our business



Before providing a pure definition of our Purpose, our Vision and our Values, it is important to clarify that KPMG's purpose in this sense is not limited to defining, publishing and disseminating them internally. KPMG Mexico intends, on a daily basis, to live by the concepts inherent therein. We call these fundamental elements at the heart of KPMG "The KPMG Way", acting following clear, formal and measurable parameters.

2.1 Purpose, vision and values

Our purpose

We turn knowledge into value for the benefit of our clients, our people and the capital markets.

This gives us a clear role and responsibility within all the spheres we serve. We want to be recognized for who we are and what we do.

Our vision and strategy

Our vision is to be the leaders in the markets we choose to serve. We aim to be number one in reputation and number one or number two in size, recognized as leaders in terms of the services we provide, the industries we serve and the countries we cover. This means driving ourselves to be the best in everything we do.

Our values

Our values determine how we behave – with clients and with each other. They define what we stand for and how we do things.

WE LEAD BY EXAMPLE - at all levels acting in a way that exemplifies what we expect of each other and our clients.

WE WORK TOGETHER – bringing out the best in each other and creating strong and successful working relationships.

WE RESPECT THE INDIVIDUAL – respecting people for who they are, and for their knowledge, skills and experience as individuals and team members.

WE SEEK THE FACTS AND PROVIDE INSIGHT – challenging assumptions, pursuing facts and strengthening our reputation as trusted and objective business advisors.

WE ARE OPEN AND HONEST IN OUR COMMUNICATION – sharing information, insight and advice frequently and constructively and managing tough situations with courage and candor.

WE ARE COMMITED TO OUR COMMUNITIES – acting as responsible corporate citizens and broadening our skills, experience and perspectives through our work in the community.

ABOVE ALL, WE ACT WITH INTEGRITY – constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence.

These values unite, identify and set us apart both locally and globally, ensuring consistency to our clients in how we go about our work, whatever or location may be. By assuming these values we will fulfill our vision of being leaders of the markets we choose to serve.

At KPMG, North Region, we work as a team for the benefit of our communities.

It is precisely on these values that our Corporate Social Responsibility strategy and each of our actions rest.

We seek to continually reinforce this attitude through various formal and operating KPMG bodies, as follows:

Risk Management, Ethics and Independence.
This area focuses primarily on defining rules on economic, legal, image issues that may adversely affect either our clients or the Firm or any related third party and is present in each and every one of our commercial transactions and delivery of services to our clients. This area is made up of 21 professionals, including 5 full-time partners.

Disciplinary Committee. This group comprises seven partners and the Human Resources Director. The Disciplinary Committee is responsible for establishing different strategies for a labor culture that in every sense adheres to our purpose, vision and values. The Committee analyzes in detail any deviations from the topics it covers, provides its comments thereon and oversees the application of the respective disciplinary measures.

The existence of this area reflects KPMG's desire to not only dictate a set of rules but to live by them on a day-to-day basis within the Firm and elsewhere.

It is important to mention that KPMG has implemented a recurring and electronic evaluation system to:

i) Verify, on an annual basis, that professional practice groups and, in general, all employees, are aware of, understand and take on responsibility concerning critical issues such as risk, independence, ethics and even technical business issues.

ii) Make everybody aware of the existing means for notifying, educating and evaluating all staff employed nationwide for the various practices in subjects that are relevant to the business such as those relating to economic, social, environmental and image aspects.

2.2 Corporate governance

For KPMG the subject of Corporate Governance is essential and, therefore, it has sought to support it with a robust structure. Its end purpose is to at all times attain and maintain:

a) Equity. Equitable treatment of all shareholders and related third parties.

b) Responsibility. Compliance with laws and regulations

c) Transparency. Clear and equal access to existing analysis material and information

d) Accountability. Existence of legitimate and optimum control systems

As proof of the foregoing, KPMG has a series of bodies, committees and structures that enable it to meet the four preceding precepts. The Corporate Governance structure, where the core, information compiling and strategy and risk decision-making figure is the Management Committee, is supported by six other committees.

The Management Committee meets monthly and is in constant communication with all the other committees through its members.

Each of these committees plays an oversight role and reports directly and regularly to the Firm's Management Committee.

It is important to stress that such Committees have sought member plurality, taking into account diversity and region differences, products, compliance aspects, financial, control and administrative needs as well as the Firm's internal management.

Governance structure:

Committee	Members	Partner members
Management	6	6
Strategic planning	18	18
Operations	7	7
Remuneration	6	5
Social responsibility	10	6
Disciplinary	8	7
Fiscal	6	6

Corporate Governance

- Management Committee. Central body for defining strategy, control, oversight/supervision and establishment of the Firm's fundamental guidelines. Comparable to a board of directors and seeking sustainable development.

- Strategic Planning Committee. Charged with defining the organization's strategy, key indicators for assessing performance and follow-up on achievements and/or deviations from the plan.

- Operations Committee. In charge of overseeing key business processes on a day-to-day basis, such as the commercial scheme, potential impacts on the Firm's image or legal consequences relating to engagements performed for clients, business synergy strategies among areas or industries, status, scope and deviations from budgets, etc.

- Remuneration Committee. Responsible for evaluating, analyzing and defining salary tabulators (rates) and remuneration of the Firm's employees. Efforts are based on clear performance and return on the Firm's investment indicators, assessed on a yearly basis.

- Social Responsibility Committee. Responsibilities of this Committee include defining and monitoring the totality of the Firm's Corporate Social Responsibility strategies, mainly concerning the community and the environment.

- Disciplinary Committee. Among the duties of this Committee are: strengthening, formalizing and overseeing disciplinary policies applicable to cases where there are reservations as to due compliance with the organization's ethics, independence and risk standards. This Committee evaluates situations on a case-by-case basis and defines, applies and oversees compliance of disciplinary action agreed for the offending individual or group. An analysis process, as applicable, is open and democratic, and allows the parties involved the right to express their views for a transparent and informed decision. The Committee has implemented formal and documented processes and policies to tackle any issue relating to ethics, independence and risk.

- Fiscal Committee. Responsible for overseeing compliance in due time and proper form with business obligations before regulatory agencies, thus avoiding any type of conflict that may commercially, financially and/or legally affect the Firm.

We use our governance structure for protecting the interest of our people.

Management Committee.

KPMG created the Corporate Governance structure for properly directing the business and for mitigating potential significant risks. In any event, Committee members are individuals who:

a) Have extensive business experience. At least 15 years of professional experience
b) Come from different disciplines in order to evaluate the adverse effects from different perspectives
c) Form part of various regions and business units, considering the Firm's and the country's size and complexity
d) Have professional experience. At least 75% of Committee members have been on over 1 year assignment outside of Mexico.
e) Have different distinctive qualities. Such diversity is convenient when trying to balance issues such as risk appetite, aggressiveness, passivity, among other personal attributes that tend to provide a sound happy medium within a plural environment.

In the case of the Management Committee, its members are reputed experts to businesses and the general public in their fields of expertise, with over 20 years of professional experience and endorsed by KPMG International. Committee members have had public exposure by participating in forums, institutes, the media and elsewhere to share their knowledge both locally and abroad.

The Management Committee has formal and defined rules for:

a) Making its own decisions when thus required by its policies;
b) Requiring approval on specific issues to the Partners' meeting, as required by its rules
c) Requesting from the Chairman of the Management Committee a casting vote to solve any controversy that may arise within the Committee.

Last, it is worth mentioning that the Firm has an Internal Audit area as direct support to Corporate Governance. Internal Audit focuses on analyzing and supervising critical business issues to proactively tackle high risk issues and mitigate potential adverse effects for the organization.

Overall, the Corporate Governance structure translates into an effort to identify, evaluate and make timely decisions concerning the risks facing the Firm that may have any of the following impacts:

i) Economic – to ensure the Firm's continuity as a going concern

ii) Environmental – to allow future generations to enjoy at least what we enjoyed; and

iii) Social – to support the growth of the Firm's most important resource. This promotes our ability to continue creating value for our clients.

2.3 Ethics and human rights

In addition to the aforementioned Corporate Governance structure, the Firm has invested and laid emphasis on Ethics and Conduct Code issues. Ethics is directly related to our purpose, vision and values.

As an ethical and socially responsible organization, KPMG gives top priority to equitable treatment to employees, clients, suppliers, authorities and the public at large. Transparency and integrity shall underpin the success of our actions. This signifies doing what is right with strict compliance with the established rules, to ensure professionalism in everything we do.

At KPMG we deem the Code of Conduct as an integral part of the existing employment conditions for all and we oversee full compliance.

At KPMG we are committed to:

a) Observing rigorous standards of client and engagement acceptance

b) Applying systematically appropriate KPMG methodologies and procedures

c) Remaining vigilant in the application of risk management and other accounting policies

d) Preserving KPMG's brand and reputation by avoiding actions that would discredit the organization

e) Acting lawfully and ethically, and encouraging this behavior in the marketplace

f) Delivering quality service to clients in line with requirements, professional commitments, and engagement terms

g) Maintaining independence and objectivity, and avoiding conflicts of interest or undue influence

h) Preserving client and business confidentiality and privacy

i) Promoting services honestly and competing fairly

j) Acting as a good citizen in our community and adhering to the highest local and international standards of ethical conduct.

k) Teaming with other businesses and with charitable organizations to create stronger communities.

KPMG communicates to all of its employees the Code of Conduct as well as its anti-corruption policies. To ensure the consistent application of this ***Code of Conduct,*** the Firm has formal and documented procedures to apply disciplinary action.

Disciplinary policies

As a consequence of the complexity of the business world (for instance, the publication of the Sarbanes-Oxley Act), the Firm's controls to meet independence rules are more numerous and more stringent. These controls include disciplinary measures that apply to professionals who do not meet the independence policies up to and including termination of employment or partnership. The Firm has established guidelines for action to take against professionals who violate independence policies, in line with the provisions of our Risk Manual.

As an additional control on the subject of ethics, discipline and risk management, a relevant effort is conducted by an independent entity. The Firm is subject to annual compliance reviews of its ethics and independence policies performed by the International Firm. Ratings are provided upon the completion of such reviews, which may be **GREEN** (substantial compliance), **YELLOW** (requires improvement) or **RED** (non-compliance). **Over the past two years, the Firm has obtained the highest rating as to compliance with ethics and independence policies.**

This is highly gratifying for us and also a strong motivation to continue working on transparency and anti-corruption matters.

As for Human Rights, the Firm has adhered to the Global Compact that deals with important Human Rights and Labor-related principles. In addition to covering the minimum precepts provided for by Mexican legislation, as far as benefits for workers, employees and other Firm-related parties are concerned, the Global Compact goes beyond in its commitment in subjects such as: treatment, non-discrimination, support for growth, payment and remuneration, etc.

At KPMG we treat everyone with respect and dignity, we are against child and forced labor, we promote a workplace free from discrimination and respect personal characteristics such as race, color, gender, national origin and religion. We work in accordance with the applicable laws (Mexican Federal Labor Law), and in line with individual employment contract and the Firm's relevant internal policies.

Transparency and performance with integrity and adhering to established standards are core principles at KPMG

KPMG Mexico signed the Global Compact on July 2, 2007, thus endorsing its commitment to contribute toward a more sustainable and fair society.

Since 2002, internationally, KPMG is one of the more than 2,000 businesses participating and supporting the efforts of this UN initiative to deepen and spread solutions to current issues relating to human rights, labor conditions, environment, transparency and anti-corruption.

With the signing of the Global Compact in Mexico we seek to publicly endorse our commitment and alignment with the ten universally accepted principles of this framework.

As a private Firm, at KPMG we take responsibility for joining forces to contribute to the building of a more sustainable and fair global society. Through corporate citizenship, KPMG has sought to recognize and propagate good practices, foster modernization, strengthen business relationships and the sustainability of its activities, as well recognition in the financial markets.

This is a global commitment we need to put into action locally. For this reason, KPMG Mexico signed the Global Compact on July 2, 2007, thus establishing a stronger commitment at a local level that compels us to act in our country in line with global initiatives.

Our accession represented an act of good faith based on our responsibility as part of the business community. In agreement with the above, this year we validated our corporate policies and practices, thus guaranteeing their alignment with the Global Compact ethical values and objectives, pursuing continuous optimization.

2.4 Transparency

One of the Firm's values is its transparency and cooperation with society, the government and various organizations. The Firm proactively participates with different Mexican organizations, always seeking the economy's growth and the country's and businesses welfare.

Some of these organizations are:

Mexican Institute of Public Accountants **(IMCP).** Our active and direct involvement with the IMCP continued this year. Jaime Sánchez Mejorada, one of our partners, was appointed President. The IMCP is a group dedicated to formalizing, standardizing, evaluating and improving issues critical to the Mexican accountancy profession.

Mexican Institute of Finance Executives **(IMEF).** Several of our partners nationwide are actively involved in providing ideas, knowledge and work to add value and enrich this Institute. Our senior partner is a member of the IMEF board.

Fiscal Auditing Agency **(DAF).** The relationship with the DAF goes back many years since the Firm's partners have been authorized to stamp their signature on fiscal reports in Mexico.

KPMG, sponsor of the first activity report of the Global Compact in Mexico.

Throughout this time, our relationship with the DAF has been one of cordiality, collaboration, transparency, honesty and straightforwardness. This has enabled the Federal Government to build on its trust toward the Firm.

Public Company Accounting Oversight Board **(PCAOB).** As has been the case with the DAF, the PCAOB has enabled the Firm (formally recognized and registered by this private sector, nonprofit corporation) to participate in reviews of public companies in the United States of America. To date, our relationship with the PCAOB has been open, transparent, cooperative and conflict free.

College of Public Accountants **(CCP).** Our partners are active in the various College public accountancy committees, activities and forums.

Mexican Board for Research and Development of Financial Reporting Standards **(CINIF).** Our contributions to the CINIF are geared toward supporting the creation and regulation of standards to handle and present information to the benefit of the financial and business community.

Government

As a non-political entity, we do not make financial contributions (either in cash or in kind) to political figures or groups. Being an auditing firm, we are in close contact with the government as required by its regulations. To date, we have had no problems or conflicts of any type with government or regulatory entities, and thus we are perceived as a serious, trustworthy and hard-working Firm.

2.5 Legal compliance, client concerns and discrepancies

It is the Firm's objective to duly and formally comply with all of its legal, contractual and fiscal obligations; accordingly, there are usually no concerns in this respect.

We have strict disclosure policies in place, where all partners or account leaders are required to forthwith disclose any potential legal or contractual concerns that may affect the Firm's finances or image.

It is worth mentioning that over the past year, the Firm was not subject to any economic or non-economic sanctions due to discrimination, corruption, breach of laws and regulations concerning account fraud, violation of international treaties or agreements, market communications, or the handling of confidential client information. However, we have implemented procedures and controls so that, as applicable, irregularities be reported, analyzed and evaluated immediately in order to take appropriate corrective actions.

3.

Creating value for our stakeholders

At KPMG we are aware of the responsibility implied by the value we generate, which we put it at the service of our communities.

At KPMG, Social Responsibility is the commitment to work for the benefit of our stakeholders and the environment, thus contributing to a better future for all. This responsibility goes beyond philanthropic actions: it is an essential part of what we are and our manner to become involved and act. Social Responsibility begins with each of our actions, as individuals and as professionals, in the understanding that the implications of such actions will benefit our people and their families, our clients and suppliers, our community, our country and the environment.

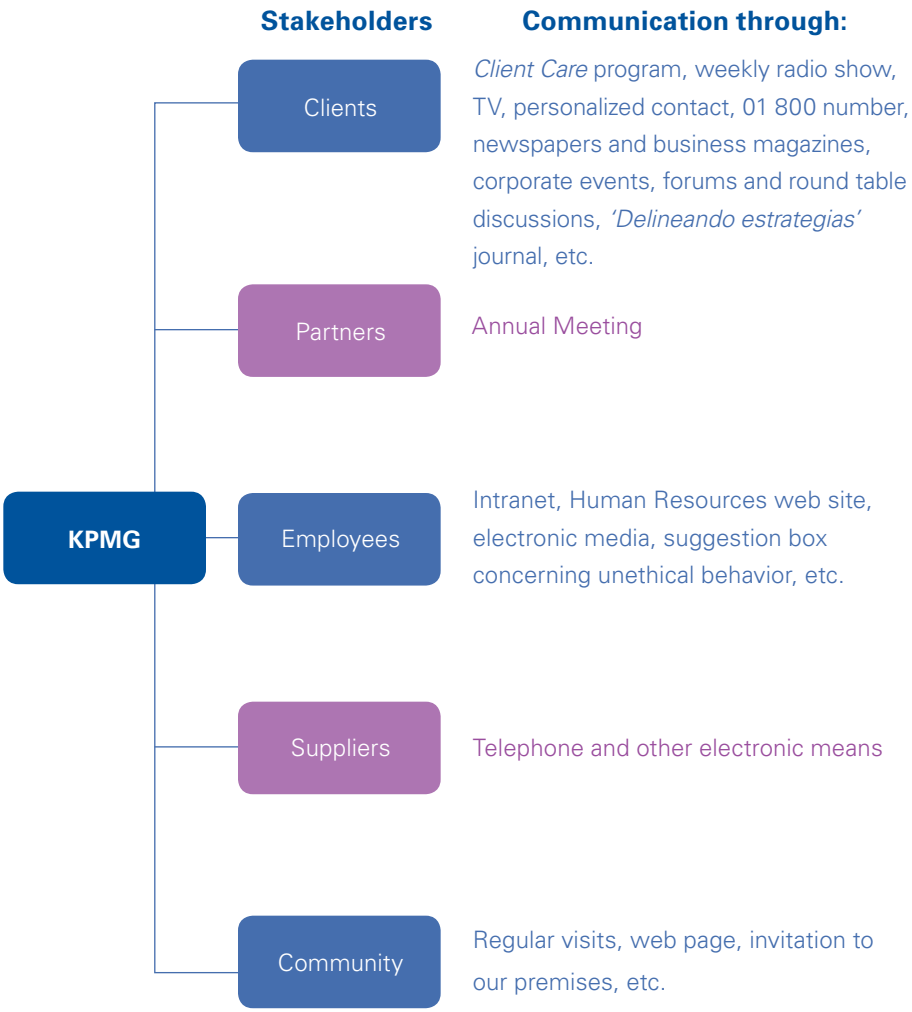
3.1 Stakeholders

The identification and selection of our stakeholders originates between the relationship that arises from the activities inherent in the Firm's operations and those persons or groups, both internal and external, who in some way establish interaction through various dialogue channels.

KPMG is concerned with generating wealth and contributes to the social, economic and environmental welfare of the markets we serve.

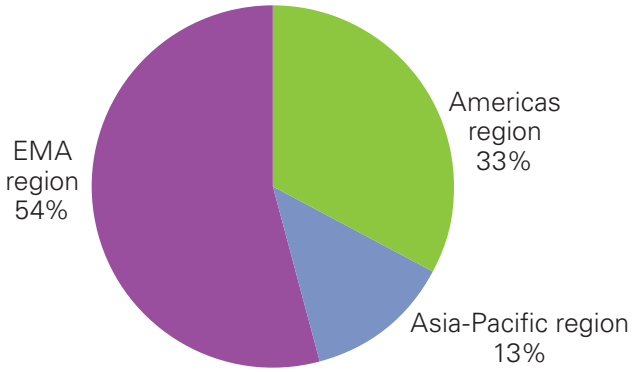
3.2 Interaction with our stakeholders

At KPMG we are interested in the feedback from all our stakeholders. Therefore, we have methodologies in place to promote actual and effective communication with them. Means for communicating with our stakeholders include the following:

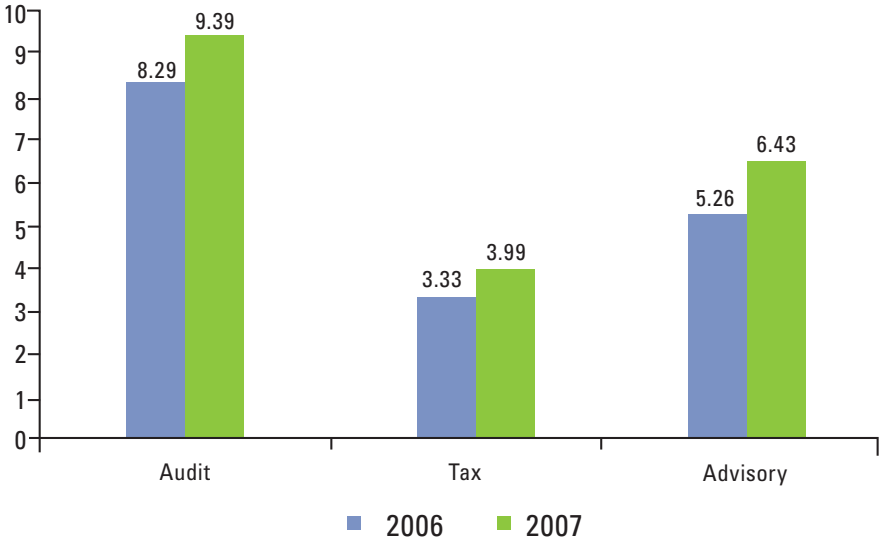


3.3 Value generated by KPMG

KPMG 2007 global revenues amounted to **19.81 billion dollars** with 123,322 employees.



2007 Global revenues



Through salaries paid, acquisitions of goods and services, training of employees, investment in the community and the environment, KPMG generates positive economic effects along all of its value chain.

Global Revenues by Service Line

The Firm's growth is an indirect driver in societies where we operate. Our development is accompanied by direct and indirect job creation and economic activity. During 2008, KPMG Mexico hired 853 people.

KPMG is an important source of employment. With an **economic growth of 17.4% from 2006 to 2007,** we took on a commitment with the community by hiring personnel, thus having a positive impact on local community economies.

Active staff	2006	2007	2008
Total employees	1925	2188	2365
International Employees	27	28	20

One of our teams at KPMG Monterrey.

Being a private entity, the Firm does not receive any type of financial aid from the Government. On the contrary, through tax payments, KPMG represents a source of revenue that contribute to the sustaining of public services of the localities we serve. We contribute directly through the payment of taxes and other levies and indirectly by withholding and paying to the Mexican State the income and other taxes due by our people. We work toward increasing the flow of resources between the Firm and our stakeholders.

3.4 Value for our clients

The key to KPMG's success lies with the trust our clients perceive from the Firm. Through a professional and highly qualified team, we strive to bring the best top quality solution offerings to the market, fast.

Taking into consideration that communication is essential to gaining an understanding of the business and the client's needs, we developed the *Client Care* program, whereby we are able to gauge the quality of the services we provide to our clients and know the degree of satisfaction attained.

Additionally, we maintain close contact and constant communication with our clients. Through media such as TV, radio, newspapers, business publications, corporate events and the *'Delineando Estrategias'* magazine, we aim at keeping the business community informed. Also, we share our experience through the publication of results of surveys, such as the following, where we inquire into business concerns in Mexico and elsewhere:

- Survey on sustainable development;
- Conference on carbon credits;
- 2008 Mexico fraud survey;
- Senior management perspectives in Mexico
- Fiscal reforms
- "Change your business" climate study
- Tax Summit

We offer top quality services to our clients through 18 offices strategically located throughout Mexico. This enables our providing customized attention to better understand the current and future business needs of our clients.

Client Care is one of our strengths that set us apart from our competitors firms. It is a unique KPMG strategy for measuring the quality of services provided to our clients and for ascertaining the degree of satisfaction attained. Using this tool, we may identify our strengths and areas of opportunity to continually improve our services, resulting in client loyalty.

The self-assessment that the *Client Care* program represents for KPMG spreads and promotes KPMG people's commitment to client project success, being that while client businesses prosper so will KPMG.

3.5 Value for our suppliers

In an additional effort by KPMG in supporting local communities we serve, and as part of its social responsibility, KPMG has implemented a Purchasing Policy whereby it gives preference to local suppliers who offer prices appealing to the Firm. However, suppliers are selected through an impartial and objective procedures.

Best rated factors	Factors that need improvement
FY'2006	
Trust	Proactive, idea-oriented and purposeful attitude
Team commitment	Understanding of the client's business and industry
FY'2007	
Trust	Proactive, idea-oriented and purposeful attitude
Contact with engagement partner	Fulfillment of commitments
FY'2008	
Contact with engagement partner	Understanding of the client's business and industry
Trust	Proactive, idea-oriented and purposeful attitude

2008 Client Care findings

The Firm's material resources purchasing process has been designed under the premises of respect and equal opportunities for all suppliers and the establishment of mutually advantageous relationships.

Some of our employees at KPMG Guadalajara

Summer jobs program for young relatives.

For us, an attractive product is one that meets our quality standards, offered at a fair price.

Additionally, we are working to establish a value chain for the Firm, where suppliers are pivotal. Over the past few months we have held meetings so as to streamline supplier selection processes. Our aim is that they not only be able to guarantee quality standards in the products or services we purchase from them, but in the operation of their businesses in terms of social responsibility.

Such is the case of our employee cafeteria in Mexico City, which obtained the "Distinctive H" award granted by the Ministries of Tourism and Health to fixed food and beverage establishments. Trained cafeteria staff, awarded the "Distinctive H", ensure the best conditions in the purchase, maintenance, preparation and disposal of food served to our employees.

3.6 Value for our partners

In response to our partners trust, KPMG seeks to create value through continuous and sustainable growth, guaranteeing transparent management and good corporate governance.

KPMG's model may be understood as a virtue circle where growth is directly reflected on partner earnings. Hence, this model primarily seeks orderly forward-looking business growth, enhancing their image both inside and outside KPMG. There is a formal, fair and transparent process where partners earn a proportional and equitable share of the profits, after economic commitments with its stakeholders have been met. In turn, partners are committed, by policy, to reinvest profits on the partnership on an annual basis so as to face any potential future contingency and maintain a financially sound business.

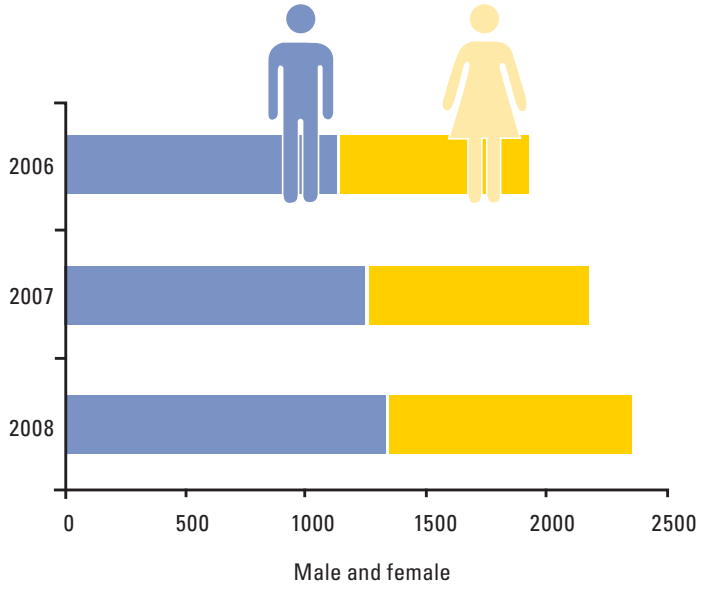
The profit allocation process is analyzed and defined by the Management Committee to ensure a transparent process for all partners and the business, in a highly corporate governance environment.

4.
Value for our people

KPMG is convinced that its strength lies in its people. Therefore, it is concerned with attracting, forming and developing human talent in a globalized setting.

During 2008, KPMG employed 2,365 persons and provided 87,000 hours of training;
26% of our personnel were promoted during 2008.
Launching of specialized *Soft Skills* programs
Upward Feedback process.

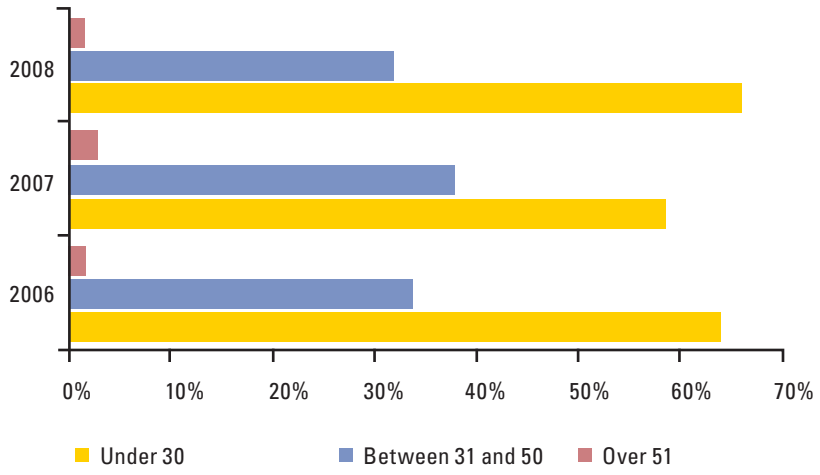
As a global network of member firms, KPMG International employs over 123,000 professionals in 148 countries. In 2008, KPMG Mexico gave employment to 2,365 professionals in 18 offices, of whom 56% are male and 44% are female. 92.8% of all people employed by KPMG Mexico have earned a university degree.



2006-2008 KPMG PERSONNEL BY GENDER

4.1 Management approach

One of the basic commitments at KPMG Mexico is offering a workplace where people have the opportunity for personal development and growth. We guarantee the professional development opportunities of our people through education and opportunities that at the same time enable us to ensure meeting and/or exceeding client expectations.



2006-2008 KPMG PERSONNEL BY AGE

The average seniority of personnel is 4 years. We have a team of co-workers that combine experience with the fresh views of young people. As a result the average age of Firm employees is 29 years.

Personnel by location

Office	Partners	Employees
National	8	147
Mexico	69	1205
Mérida	1	35
Tijuana	4	59
Monterrey	22	300
Hermosillo	1	38
Ciudad Juárez	3	51
Guadalajara	12	192
Culiacán	2	37
Puebla	1	29
Reynosa	1	16
Toluca	1	23
Mexicali	0	19
Chihuahua	0	10
Querétaro	2	45
Aguascalientes	0	10
San Luis Potosí	0	9
Cancún	0	4
Saltillo	0	9
Grand Total	127	2238

4.2 Attraction and retention of talent

We work to attract, retain and develop top talent. In the past year we established ambitious growth objectives, which will only be possible to the extent that we are able to recruit and retain the best.

KPMG looks for committed people with the right skills, outstanding experience, with potential and abilities that match our culture. To this end, the Firm has various recruitment sources such as: presence in accredited universities and recruitment fairs, on-line employment bureaus and in-house promotion tools. At KPMG we recruit talented professionals because we are interested in human potential, competencies, personal and technical abilities, professional experience, affinity and interests.

We undertake to offer to our people growth with great satisfactions and fair compensation. ***Employer of choice*** is a strategy that has to do with aspects relating to the quality of life to make KPMG the best place to work. This entails acting in a faultless manner in order that KPMG people of all levels attains work/life balance and develop their careers to the fullest, profiting from a wide range of opportunities and benefits.

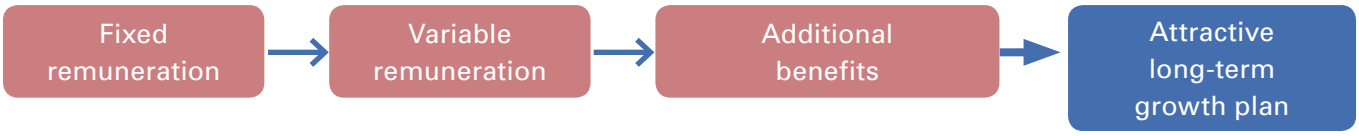
The course of action of the *Employer of Choice* program this past year focused on favoring communication among co-workers and their leaders, identifying and actively sharing our

best practices and strategies, promoting professional experience and business relations, stimulating the career development of our people and establishing attractive programs for employee recognition and remuneration based on individual performance and talent.

The turnover rate of employees who voluntarily decided to leave the Firm during 2008 rose 1.83%, compared with 2007.

We are aware that this figure is much higher than anticipated and we are working to reduce such percentage. To such end, this year we have implemented certain strategies, including:

SALARIES AND REMUNERATION



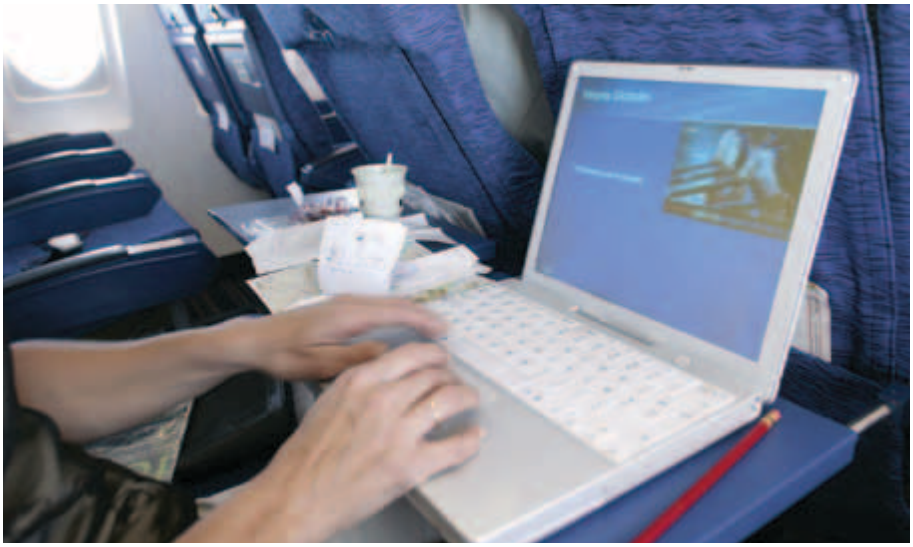
Annual salary review

We strive for guaranteeing fair and favorable conditions for our people. At KPMG we make no salary distinctions on grounds of gender. Salaries are in line with the duties and work loads inherent in specific positions. In this regard, in 2008 we conducted the **"Annual review of salaries and variable remuneration programs"** through an external supplier who analyzed the Firm's remuneration system, the results of which served for conducting a formal market study for comparing our benefit program to those of similar firms. The purpose of this is to guarantee fair and advantageous salary and related benefit conditions for our people.

Fringe benefits

In addition to the salary and the benefits we are required to provide to our employees under the Mexican Federal Labor Law, at KPMG we give credit to the efforts made by our people by offering them additional benefits. Among others, our people receive the following benefits:

- Life insurance
- Major medical insurance
- Additional major medical insurance coverage
- Domestic and international assignments
- Performance bonuses
- Medical care (Mexico City office)
- Automobile purchase plan for managers
- Employee lunch room or canteen (Mexico City office)
- English courses
- Summer program for relatives
- Savings fund
- Coupons to buy food at supermarkets
- Vacation premium (above Law requirements)
- Profit sharing (above Law requirements)
- Vacations (above Law requirements)
- Cultural and sports activities
- Financial aid for completing masters and post-graduate studies
- Bonuses for receiving a university degree
- Transportation (Mexico City office)
- Agreements with certain shops



KPMG acknowledges the dedication of its people. This year it progressed one stage further its efforts to provide its people with better quality of life and employment conditions by offering various fringe benefits (in addition to those provided for by the Mexican Federal Labor Law referred to in the creation of value section hereof) that contribute to improving the quality of life of the employee and mitigate the environmental impact we, as an office, produce. These benefits include:

In Mexico, between May 2007 and September 2008, 69 Mexican professionals were on international assignments in countries such as the United Kingdom, Spain, Germany, Italy, Canada, the United States, Panama, Colombia and Brazil.

GLOBAL TRANSFERS PROGRAM. During 2008, the *Mobility* program was reinvigorated and is now called GO *(Global Opportunities).* The GO program is open to KPMG professionals anywhere in the world.

GO is an effort to develop KPMG skills worldwide for offering added value to our clients while enriching the life experience of participating professionals. GO promotes the development of international skills and the transfer of talent and knowledge beyond borders.

Culturally and commercially, the GO program benefits the network of KPMG member firms; personally and professionally, it represents a lifetime experience for those involved.

Currently, 16 KPMG professional from countries such as Switzerland, Japan and Spain are on assignment in Mexico. Our objective for next near is to increase the exchange assignments with countries such as China, New Zealand and Australia.

VIRTUAL OFFICE. Also during 2008, the Mexico City office implemented a flexible working plan as a strong incentive to improve the quality of life of our people, whereby employees participating in the plan could work their normal hours

remotely one or two days a week giving them the chance to accommodate their needs to those of KPMG and our responsibility to provide outstanding services to our clients.

WORKING MOMS. In December 2007 we created a policy for working moms, establishing flexible working arrangements subject to our responsibility to our clients and the successful fulfillment of our duties.

This policy provided for flexible working plans, working remotely and reduced workdays on a permanent basis and providing special arrangements during the low season.

YOUNG TRAINEES. This 4-week summer program is geared to relatives of our employees who are between 17 and 22 years old and are currently studying high school, or a course or degree that is related to any of the Firm's practices. The aim of this program is to expose them to professional life, contribute to their training and development and draw them near to the workplace of their family members.

For three consecutive years in Mexico City and for the first time in Monterrey, the *Young Trainees* program hosted 76 young people, who were trained in 15 different Firm areas. This represented an investment of roughly $250,000 pesos. In this period, the Firm gave 16 lectures, speeches, workshops and breakfasts that were highly motivating for the attendees, given by KPMG partners and managers. Among other things, trainees received recommendations on how to prepare for a job interview, prepare their resume, choose the right company to apply for a job, etc.

We focus our efforts for KPMG Mexico to be perceived by top-notch professionals as an Employer of Choice – a great place to work and build a career.

SUMMER SCHEDULE. This is another of the initiatives that allowed KPMG people to improve their work/life balance. During the off-season (season of decreased demand), employees work a reduced schedule on Fridays (starting at 8:00 am and leaving at 2:30 pm) during three months, and are allowed to dress casual. This schedule enables KPMG people to spend more time with their families, especially during their children's summer vacations.

It is paramount for KPMG to protect its employees' family wealth and so it evaluated and entered into **more COMMERCIAL AGREEMENTS.** Thus, 25 new agreements were signed on a local and nationwide basis, which are added to the already existing 32 agreements. Further, aware of the fact that employees are in need of cash to meet pressing needs or face emergency situations, we limited the maximum allowed payroll discounts.

In this manner, KPMG people may purchase goods or services (e.g. health, entertainment, financial, insurance, education, sporting, culture and home appliances) at a discount and/or competitive prices in over 50 commercial establishments.

As has been a tradition over the past year, this year we held our **Bowling Tournaments** in the Mexico City, Tijuana and Guadalajara offices. These tournaments have been vital in promoting comradeship between coworkers in an informal setting.

On the other hand, the Mexico City office offers an employee lunch room within its premises, defraying 50% of the cost. As an additional benefit, beginning in 2008 and during the peak season (May to October), breakfast and supper were also served to professionals.

***UPWARD FEEDBACK* (UF).** This year we continued with the upward feedback process, which for the first time included senior managers and directors. This process has to do with an upward evaluation to become familiar with our management group and its behavior and adherence to our values. Thus, all participants receive direct feedback of their abilities that need strengthening and areas where the good work should be maintained in order to attain our objectives. Each participating group is afforded a one-year period to implement strategies for improvement before being evaluated again the following year. As a result, several programs have been implemented that are aimed at improving the performance of our leaders, always acting in conformity with KPMG values.

KPMG has in place a training plan for all employees.

4.3 Training and professional development of our people

The opportunities for growth we offer to our people are directly related to training and coaching.

Being a global network of Firms, we have a basic profile all our professionals should meet to continue delivering integral services to our clients. Accordingly, our employees receive ongoing training during the year. In 2008, we opened the KPMG Training Center, which multiplies the training possibilities for all. We also established flexible training tools, which facilitated and made training options readily available to our people. Such tools include self-studies, video conferences and on-line sites, which adapt to the business constant mobility.

We are well aware that in order to form successful leaders, developing only the technical skills of our profession is not sufficient. Therefore, this year we offered training courses on the development of skills, aimed at all Firm levels and areas.

In determining the basic subjects the program should cover we conducted several diagnoses with the involvement of partners and employees of each of the areas involved.

More than 40 sessions were held on subjects such as: evaluations, performance management, motivation, quality, conversation and labor relations to over 80% of our management group.

From 2006 to 2008, the English Department has granted 800 licenses for studying English to the same number of employees. This represents a total of 80,000 hours of language training.

Through the **Managing and Motivating for Performance Program,** significant efforts were made for training partners and managers on a nationwide scale to understand and work on subjects such as: setting goals and expectations, reviewing performance and giving feedback to engagement teams.

During 2008 86,898 hours, representing $10.2 million pesos were devoted to training in technical skills, which benefited 1,322 professionals at every level of the organization.

We make certain that our people receive global training. Therefore, we offer them the chance to improve their command of the English language by programming on-line courses, at no cost to those who successfully complete the course.

The set of initiatives the Firm has undertaken this year as part of its *Employer of Choice* initiatives has been recognized both by our people and third parties.

4.4 Recognition and equality of opportunities

KPMG has a continuous performance evaluation process in place called *DIALOGUE,* the Firm's global tool for managing the integral development of its people. All KPMG personnel, from partners to assistants, use this tool for entering their goals and registering their performance indicators, recognizing accomplishments and areas of opportunity.

During 2008, this program was extended to cover infrastructure areas, for a total of 95% of all KPMG people. *Dialogue allows for the transparent evaluation of performance, the recognition of efforts, the assessment of potential and the recognition of talent of KPMG employees.*

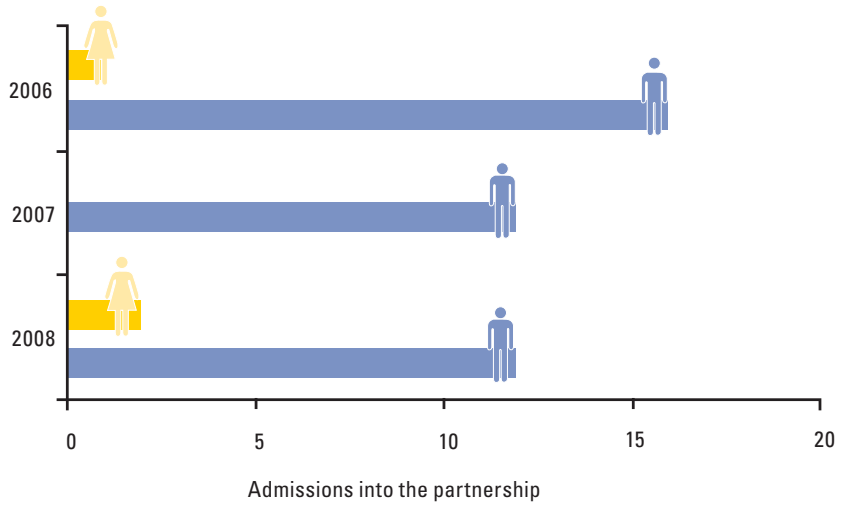
During 2007 and 2008, 1,260 people got promotions. This figure is indicative of our commitment with the development of our people.

As an example of the Firm's recognition of merit, promotions increased in 2008, where 28% of males and 24% of females were promoted, representing a total of 26% promoted KPMG employees. Notwithstanding that in 2008 female promotions rose 2% from 2007 figures, we continue working to increase such percentage.

2006-2008 Promotions

One of the things that make working for the Firm attractive is the possibility of becoming a partner as a result of personal effort and perseverance over the years.

The Firm's partners increased 16% from 2007 to 2008.



2006-2008 Partner promotions

In 2008, KPMG received the **"Best companies that offer strong career advancement opportunities"** recognition awarded by the *Expansión* magazine. The ***Global Opportunities*** program (described earlier), the number of promotions and the career plan triggered this recognition.

Another 2008 initiative focused on the *Employer of Choice* strategy was the **Review of Policies.** To be kept up to date, 20 policies were reviewed and **10 other Social Responsibility policies** were introduced, such as those dealing with donations, sponsorships, the environment and flexible working arrangements.

One of the children who benefited from our 2007 Help Day

As a result of this review, the Human Resources Manual was brought up to date, which covers the duties, objectives, activities and operations of the HR area. Also, Human Resources guidelines were implemented that deal with 21 interesting issues for the optimum employee-KPMG relationship.

Furthermore, to keep our people informed on the introduction of organizational changes, we adhere to the Mexican Federal Labor Law, individual employment contracts and the Firm's internal policies.

4.5 Security management, prevention and training

So as to minimize occupational hazards, since 2007 KPMG strongly emphasizes the development of a preventive approach that guarantees the security and labor health of our employees.

Also in 2007, we created the Civil Protection Program and the various brigades (first-aid, fire prevention and fighting, emergency evacuations, communication and supervision) were formed and trained.

We also integrated the KPMG Security Committee, formed by 8 partners and people of different areas and regions with the purpose of guaranteeing at all times and under any circumstances the highest security standards for our personnel and Firm.

This Committee works considering four basic security issues:

- Information security;
- Physical security;
- Personal security;
- Computer-related security

Our security and health standards should be reflected both inside and outside the Firm. We therefore see to it that our suppliers meet Law requirements as to security, health and the environment.

KPMG believes that **education in security matters** is one of the most effective measures for improving management and performance. Each KPMG member should take responsibility over his/her own safety, depending on his/her roles and look after the safety of fellow employees.

At KPMG we are hard at work in establishing a security culture amongst our people and so we have begun education programs and established channels to spread security-related information.

During 2007 and 2008 we have devoted 1,000 hours to the training of the 93 people who make up the Firm's Civil Protection Commission.

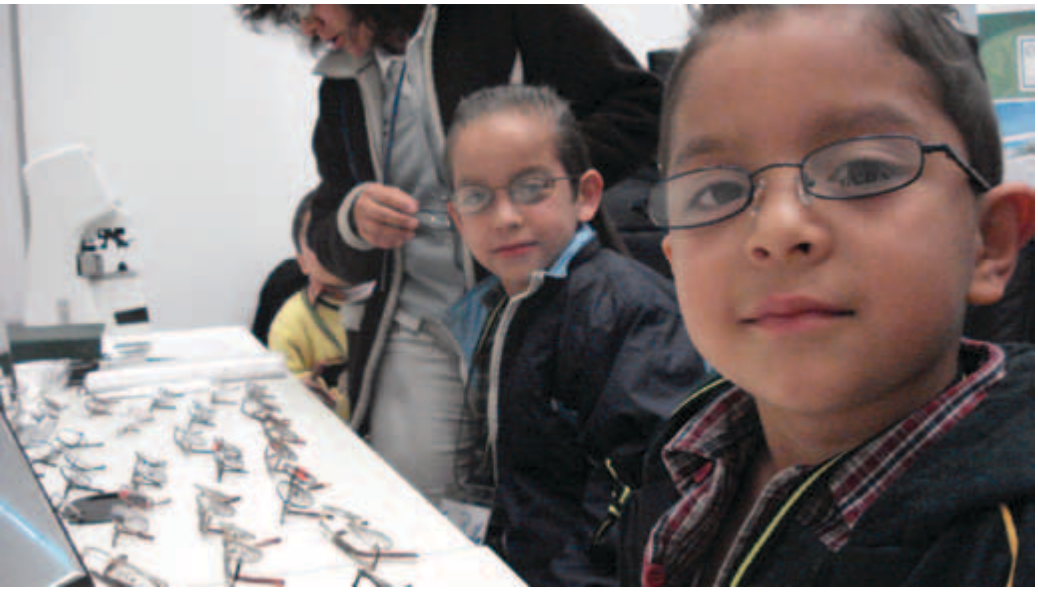
Moreover, over the past year, 18 of our fellow employees received 180 hours of training on fire-fighting techniques.

4.6 Occupational health and safety

KPMG'S most important asset is its people. For this reason it is of prime importance to offer alternatives so they may look after their heath, providing access to information and health care providers.

As part of the Firm's preventive culture, in October 2007 we kicked off the Health Fair program in Mexico City. Employees were offered free glucose, cholesterol, triglycerides, body mass index, osteoporosis, blood pressure, prostate specific antigen as well as dental, eye and other exams. Specialized analyses, check-ups and vaccines were offered to KPMG employees and their families at affordable prices. This program is carried out on a yearly basis and has benefited more than 800 people, including coworkers, family members and low-income children.

In line with the above, in 2008 we made a significant improvement to our major medical insurance plan, by providing access for KPMG people and their families to first class hospitals, doctors and health services. This plan offers better conditions and options for the treatment particularly of severe sickness or accidents.



KPMG fosters prevention as a tool for guaranteeing the health and safety of its people.

Aware that the basis for the development of a security and health-oriented culture is communication, during 2008 KPMG launched its **"Salud para to2"** *(Health for everyone)* portal, where it publishes health, occupational hazards and preventive medicine articles on a monthly basis.

The Mexico City office offers the services of an in-house doctor during extended work hours, who provides medical consultation and advice. The medical service is directly involved in applying the various health and emergency procedure-related NOM standards and is present in massive events, prepares security and hygiene programs as well as vaccination and civil protection campaigns.

"Anímate a Estudiar" children visiting the 2007 Health Fair.

4.7 Security and civil protection

While we are a services firm where our people activities are not deem highly risky, KPMG strives for improving its performance in terms of security.

In line with the Firm's international guidelines, KPMG Mexico has established and formalized a security structure by creating the National Security Committee, led by the Chief Operating Partner and composed of:

In 2008, absenteeism dropped by 0.76% compared with 2007.

the IT Director, the HR Director, the Global Business and Services Director and the Material Resources Manager, who are charged with leading the efforts for consolidating our management of the following four significant aspects: **Physical Security, Corporate Security,**

Computer-related Security and Information Security. In this sense, the participation of all Firm people will be vital. Information meetings have been held as part of the induction course, surveys have been made, self-studies assigned and robust communication campaigns have been launched throughout the year.

As part of civil protection activities to benefit our people, we conducted a drill at the Mexico City office with the participation of 800 people, which included our neighbor tenants. The drill was supervised by Civil Protection authorities, who expressed their compliments on drill organization, training and outcome.

Training sessions of our Civil Protection brigade.

During 2008, our investment in civil protection (diagnosis of office conditions, improvements in premises and equipment, brigades, courses, drills, etc.) totaled $700,000.

5.

Value for future generations: community and the environment

Library donated to the "El Chamizal" elementary school.

Today's society expects from businesses something more than profits, it demands entities that are capable of reflecting their financial success in their environment. For this reason we at KPMG assume the commitment of putting all our knowledge and experience to work in favor of the communities we serve. KPMG's commitment to our communities, publicly stated in our values, is what sets us apart. Our vision is that our people make this initiative their own, participate and encourage others to become involved in community aid projects wherever they may live.

5.1 Management approach

KPMG has adopted three strands for the focus of corporate citizenship:

- **Education and child care –** to invest in child care and education is to invest in the future of our country and Firm, ensuring qualified employees and prospects.
- **Environment –** make a commitment to the proper use and conservation of resources, to ensure their permanence and availability for future generations.
- **Development –** starting with our people and reaching out to the community, support those with the potential to build a sustainable basis for the future of organizations and communities.

We are well aware that nowadays the sense of purpose of businesses goes beyond making a profit. Thus, at KPMG we assume the commitment to put our skills and experience to work in favor of the communities we serve.

Every one of our actions is based on our values. Our values set us apart and lead us both locally and globally.

This year, the Firm once more proved its serious commitment to social responsibility in:

1.- Maintaining continuity of social and environmental projects.

2.- Increasing the funds used for donations in aid of the community.

During 2008, our donations totaled $10,226,188 pesos, up 24% from 2007.

Likewise, the budget earmarked for community and environmental activities and projects more than doubled in each of the past two years.

Working together with our neighbors to upgrade our neighborhoods.

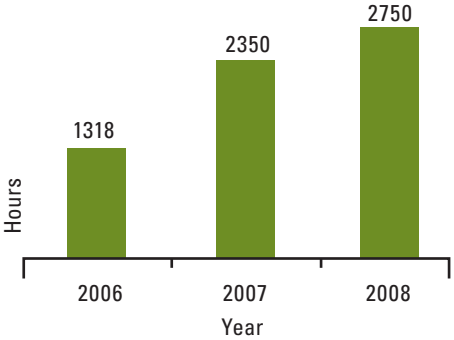
5.2 KPMG Community

The KPMG Help Day is one of our most important projects in terms of aid to the community. For three years now, every one of our KPMG Mexico offices sets aside one work day to support community projects. Projects are selected based entirely on local needs, provided work follows one of our three courses of action.

In the span of time covered by this report, we held 18 different projects with the involvement of 20% of our partners and employees.

In all 2750 workhours were so dedicated, directly benefiting more than 800 people.

Responsibility to our communities goes beyond making donations; it is important to get our people involved and to convince them of dedicating their time and skills to make a difference.



Hours dedicated to charitable causes

Accomplishments nationwide are noteworthy:

- Assembly and delivery of 600 school material packages containing satchel, school implements, uniforms and learning material
- Reconditioning of school sports fields and organization of a soccer tournament for needy children. The winners got sporting equipment.
- Improvement of over 1,000 square meters in non-profit organizations (cleaning, waterproofing and painting).
- Donation, set up and fitting of a library and a computer classroom for more than 460 students at one of our neighboring schools. Also, we came up with an annual plan for quarterly maintenance of

Mexican "Posada" party thrown for "Anímate a Estudiar" children.

donated equipment and training of teachers on the use and teaching of technical skills.

- We conducted 8 different environmental and reforestation programs between the Mexico City, Toluca and Monterrey offices, where we planted over 2,800 trees in the past two years.
- We had active participation in the environmental regeneration and conservation campaign covering 8,400 square meters at five different Chapultepec Park sections.

In a very special support campaign of two local SIFE projects, KPMG Monterrey has implemented the "Year of Help" in the communities of Laguna de Sánchez and Ciénega de González. The Firm and its people contribute, with their families, time, equipment and donations to these two projects seeking to have a direct impact on education, health, environmental and development issues of these two communities. This is a joint effort with the Universidad Regiomontana, SIFE and CEMEX, revealing team work with organizations and clients in sustainable projects aiming for results in the long term.

Help Day is an opportunity to lead by example and prove through particular action our commitment with each of the communities we serve.

Through our volunteering policy published in 2008, we try to substantially increase the future involvement of partners and employees who will be given the opportunity to work in personal or institutional projects without affecting their finances.

Jointly with the "Help Day" in 2007 we launched the "Help us help" campaign with the purpose of inviting all Firm people involved in social projects to propose specific causes we could support. In 2008, the funds donated for such projects rose 275% to over $103 thousand pesos.

The projects suggested by our people where we are involved include the following:

- Animate a estudiar
- Casa Paco
- Fundación ATP
- Fundación Mexicana Bartolomé de las Casas
- Casa Hogar María Cristina
- Fundación Pro Niños de la Calle
- Mano Amiga

For ten years in a row and since the first "Teletón" fundraising event, this year we conducted our annual fundraiser nationwide. Thanks to the voluntary contributions of partners and employees we donated $337 thousand pesos, exceeding significantly the amounts raised in prior years. As a stimulus for this year's campaign, the Firm donated 15 wheelchairs and orthopedic equipment, which were delivered to the Tlalnepantla, Occidente and Chihuahua Teletón Rehabilitation Centers or CRITs, each representing one of our three regions: North, Pacific and Center. These centers allowed our people close contact with children attending these centers and their families.

KPMG members teach brief intensive educational programs at the Laguna de Sánchez community

KPMG's professional skills are put at the service of charitable organizations. In 2008, we offered free services for over 8 million pesos.

As part of our social commitment is our commitment to development. *Students in Free Enterprise* (SIFE) is an international organization made up of thousands of college students and professors from all over the world. Its purpose is to impel students to developing and implementing outreach projects that will have an economic and social impact on deprived communities. KPMG is one of the largest voluntary entities within the NETWORK of sponsoring donor-partners, both internationally and in Mexico.

KPMG presence in the community of Laguna de Sánchez.

For over three years now we have been supporting this organization in different ways such as: lending premises, providing project advice, sponsoring national and the SIFE world cup competitions through the KPMG Link, airplane tickets, donations and advice to winning teams.

Another project where KPMG is involved is *Endeavor,* which identifies and provides support to high-impact young entrepreneurs with a specific business project. Our participation includes business advice in the management, financing and operation of the business and hosting conferences and lectures. Endeavor has contributed to the creation of jobs and income, impacting positively development in our country and local communities.

Through efforts such as SIFE and *Endeavor,* KPMG carries out a double purpose of working for education and development, **putting our skills to work for others,** be them students who are active members of these projects or the communities that profit from the outcome of these programs.

NATURAL DISASTERS. In the past few months there have been several cases of natural disasters that have severely affected different communities around the globe.

In order to contribute in the future to the recovery of communities, this year we created a policy for donations and sponsorships that clearly defines the bases and procedures to take part in these campaigns.

Our support covers primarily three courses of action:

1. Installation of food and clothing gathering centers in our 18 countries throughout Mexico. We are in constant contact with organizations that may forthwith distribute and make the help available to victims such as the Red Cross, humanitarian aid groups, embassies, etc.

2. Support of international initiatives. In case of a Firm's specific initiative for aiding affected

Comunidad KPMG

con Responsabilidad Social

KPMG people take initiative, participates and inspires others to become involved in community aid programs.

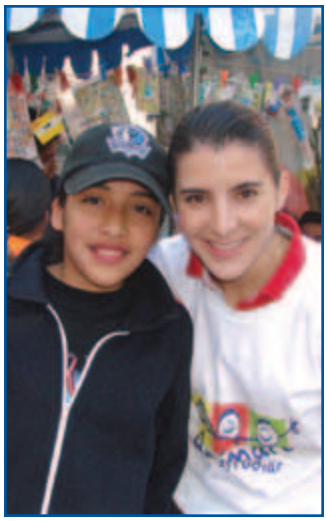
communities, our local Firm provides financial support through collections and active participation.

3. Should we not be able to contribute as stated in points 1 and 2 above, we provide for financial donations to be deposited in bank accounts specifically set forth to such end, in financial institutions that guarantee transparency and accountability in the management of the collected funds.

In the particular cases of **Tabasco** and **Myanmar,** the Firm implemented a specific aid plan based on our capabilities. By means of a food collection campaign for Tabasco, we managed to collect more than a ton of goods, which we duly and timely delivered to the Mexican Red Cross.

As for **Myanmar** we organized a local fund collection to support KPMG International's plan to rebuild destroyed housing and reestablishing of basic services at one of the communities that was worst hit by the Nargis cyclone. KPMG International contributed over $100,000 pesos.

Harnessing the expertise of our people to benefit those in extreme need is certainly the best way we can help. During 2008, we offered free Auditing, Tax and Advisory services to more than 20 charitable organizations for an amount that surpassed $8 million pesos. In this way we contribute making for others what we best do.



Our three strategic courses of action: education and childhood, development and the environment.

Fundación Mexicana Bartolomé de las Casas

Help Day in Querétaro

Chapultepec Park

Anímate a Estudiar

5.3 Environmental policies and management

Supporting the environment is perhaps the toughest challenge we currently face in matters of Social Responsibility. This subject involves each and every one of the people comprising KPMG International and, therefore, KPMG Mexico.

At KPMG Mexico we promote awareness and commitment to attain better environmentally-related performance of our people, our suppliers and clients. We work toward this objective on an ongoing basis by:

- Promoting environmental education through several programs to ensure that each of our employees understands, is responsible for, acts and feels committed to consider the environment in their day-to-day activities.
- Making sure that each employee is aware of our environmental policy, has the means for compliance and is motivated to enforce it, providing them with the required support and training.
- We use natural resources, among others water and energy, responsibly and efficiently.
- We prevent or reduce, to the extent possible, the environmental impact of our premises.
- We comply with the totality of requirements set out by environmental laws, decrees or regulations.
- We select our suppliers and encourage them to develop environmentally-friendly processes and materials.
- We monitor progress attained and generate environmental reports.
- We work with local government agencies in promoting care for our surrounding environment.
- We minimize consumption of natural resources and waste of materials to the extent such measure is practical from a financial viewpoint.
- We urge strongly our clients to reflect on how their businesses are affecting the environment and provide advisory services to prevent such negative impacts on the environment.
- Each KPMG employee and provider shall be responsible to be bound by the principles of this policy.

5.4 Climate change – the challenge

KPMG's *Global Green Initiative* is the Firm's global response to the challenges of climate change and commitment to make a positive impact on the environment.

We seek to reduce our carbon footprint by 25% by 2010, based on our 2007 figure. This entails a significant reduction in our energy consumption.

By taking responsibility for our own global carbon emissions and engaging employees, their relatives, clients and suppliers in doing the same, we can use our influence to make a positive and significant difference. We are doing this in three ways:

- By managing our own emissions as a Firm, reducing input and waste and increasing our preference for recyclable and/or recycled materials or products
- Raising the awareness of our stakeholders, (i.e. KPMG people, our families, clients, suppliers and neighbors) through environmental assessment programs and campaigns
- Supporting third-party environmental projects

In Mexico we have eagerly received this initiative. After hearing about this commitment, we have undertaken a diagnosis to precisely measure our carbon emissions and thus determine effective strategies that aid us to attain our objective.

KPMG partners working for the community.

The Laguna de Sánchez Community.

This process requires great efforts but our strong sense of its importance encourages us to continue working.

Over the past year we have carried out certain actions and campaigns, all geared to the achievement of this major goal. We worked in environmental education programs and campaigns so that each of our people understood and assumed the commitment of taking care of the environmental in their daily work activities. Our goal s to use natural resources in a moderate and efficient manner and optimize the use of material resources, prevent and reduce the environmental impact of our premises.

In view of the nature of our business, KPMG consumes large amounts of paper and electricity.

This is an enormous challenge that just began. We need to constantly monitor our progress and promote such progress in our value chain for encouraging the development of environmentally-friendly processes.

The following activities undertaken this year stand out as part of our Firm's commitment to the environment:

KPMG Awareness, internal campaign the purpose of which is promoting a better use of material resources, stressing the consumption of paper, electricity and water.

Making use of all internal communication means, various initiatives were geared toward making people reflect as to the quantities of these resources they require to conduct their activities and those actually being used.

This campaign provided all the interesting facts that made it possible to identify the impact of resources employed. Additionally, it provided useful tips on how each of us may optimize the use of these resources and their disposal.

Analysis of consumer products that affect the environment and their replacement for other environmentally-friendly. For example, we no longer use expanded polystyrene coffee cups in any of our offices; instead, we use recyclable carton cups. We also replaced the paper we used for one made from 30% recycled paper that meets all national and international standards and regulations.

Working in favor of environment on our Help Day 2008.

Caring for the environment is a key concern for KPMG and a reality built by each of our people.

All paper and disposable cups we use are recyclable. Waste paper is grinded and recycled.

In **August 2008,** we drafted and introduced **KPMG's Environmental Policy.** This policy aims at implementing a number of measures in the increasingly environmentally-friendly processes for obtaining, using and disposing of resources. This implies a rising awareness among our employees to promote their direct participation in these processes with responsibility and congruence with the KPMG Culture.

At the Mexico City, Monterrey and Toluca offices we undertook campaigns for the recycling and segregation of garbage where waste containers were strategically located throughout such offices in order to separate organic, inorganic and paper waste. Paper waste is sold to recycling companies.

Beginning this year, we have a special container for disposal of used batteries, which are then sent to specialized personnel for their use in the recarpeting of roads, **thus preventing water and soil pollution they might cause.**

Ink cartridges and laser toner cartridges are sent out periodically to a specialized recycling company. Each recycled cartridge saves 26 liters of oil.

This year, we also prepared the **KPMG Environmental Commitment** stated at the beginning of this chapter, where we said that at KPMG Mexico we shall promote the awareness and commitment to attain an improved environmental performance among our people, our suppliers and clients, and that we work toward accomplishing such objective through a continuous improvement process.

We have a strict defined life cycle of 36 months for computer and electronic equipment in general, whereby the Firm guarantees a reduction in electricity consumption by using increasingly environmentally-friendly equipment. By leasing the equipment and returning it to the lessor, a flow of equipment results to secondary markets (reusable parts and spare parts and recyclable materials). Our employees are given the option to purchase the used equipment at a low price for their personal or their family members' use.

5.5 Preserving our ecosystem

In addition to all the resource optimization programs, the Firm promotes preservation and conservation activities such as various reforestation and cleaning days.

2006 → 600 trees planted
2007 → 2,200 trees planted
2008 → 2008 Environmental cleaning activities in 5 areas of Chapultepec Park with the participation of more than 800 Firm employees and relatives.

Impact of campaigns

Communication is essential for the success of our commitment to the environment. The scope of the aforementioned campaigns is as follows:

KPMG Awareness Campaign
Had an impact on 596 Mexico City and Infrastructure employees)

Garbage separation Campaign
Had an impact on 1,942 employees in the Mexico City, Monterrey and Toluca offices

***Green Initiative* launch message**
The preliminary launching of the *Green Initiative* campaign had an impact on 2,238 employees.

Cleaning activities taking place at Chapultepec Park.

KPMG considers the environment in selecting the location of its premises. Hence, within the available sites offered, KPMG give preference to the options that, competition and functionality levels being equal, offer an environmental advantage. This was the case of the latest site selection for KPMG offices in Reynosa.

The building housing the Reynosa office is environmentally-friendly. It was built and designed to operate as a sustainable development and combines technology with the objective of providing good service, quality and convenience for our people to work efficiently, taking into consideration the well-being of future generations.

Life Cycle Diagnosis

Currently, all three regions of KPMG Mexico are being subject to a **diagnostic** process. The diagnosis is based on the largest office of each of the regions (Mexico City, Guadalajara and Monterrey).

The aim of the diagnosis is to evaluate the potential environmental impacts on the **life cycle** of the principal KPMG processes in each of our 18 offices.

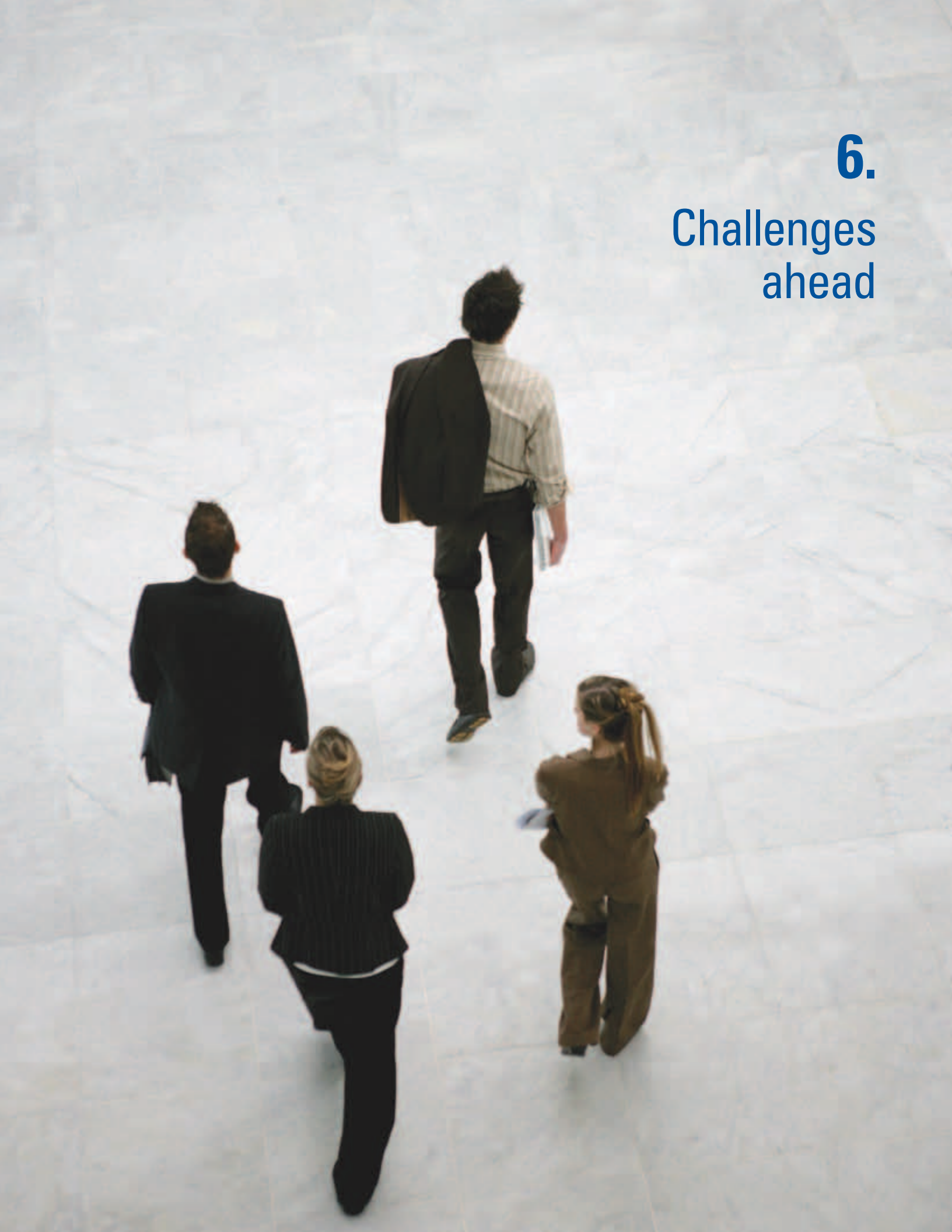
Accordingly, we seek to know the environmental profile of such life cycles and provide information for producing impact mitigation strategies both in the aggregate and/or individually.

This assessment foresees potential environmental impacts and **includes countrywide measurement of electricity, water and paper consumption** as well as **CO_2 emissions,** among others.

Our findings will serve for designing **reduction strategies that will enable us to attain the goal set** for 2010 of reducing KPMG's carbon footprint by 25%

"We express our commitment to future generations, assuming our responsibility of caring for and preserving the environment."

6.
Challenges ahead



Great challenges lie ahead. Social responsibility progress attained this year has been admirable. We have established a sound platform on which we will continue working to attain gradual growth and important progress in the long-term.

We are aware that there is still much work to do in the coming years.

Quality of life of our people is an issue we are concerned with and will improve. Workloads during our peak seasons require that we spend long hours at the office or with clients, sacrificing valuable personal and family time.

We have to implement strategies and measures to make up for and recognize this sacrifice, so that at the end of each year the work/life balance is satisfactory.

Moreover, there is the subject of diversity. We intend to retain and promote a larger number of females, giving them clear opportunities for development and growth, without disregarding their specific needs or responsibilities as mothers.

We also wish to bring KPMG people participation in volunteering and social activities both personal and professionally to greater heights. We are responsible for sharing experiences, abilities and knowledge that benefit not only our clients but those persons and communities that deserve a better future, too.

The environment issue is possibly the major challenge we face because of its implications. The commitment we have taken on a global basis as far as the reduction of our carbon footprint is concerned will require a constant and clear effort to promote a culture that is more committed with the planet and its resources. This subject in particular requires the involvement of each and every one of the Firm's people, and entails a tremendous effort and the considerable investment of time and resources. We are willing to work to such end and make this effort extensive to involve all our family members and communities in this green initiative.

We trust our efforts in these three important issues, teamed with our actions, will be worthwhile.

7.
Appendices

Glossary

Client: Person or entity that regularly engages the services of KPMG Cárdenas Dosal, S.C.

Employee: Person hired by KPMG Cárdenas Dosal, S.C. for rendering professional services to clients.

Community: Group of external persons, linked to KPMG Cárdenas Dosal by common characteristics or interests.

Sustainable Development: Development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. (UN, Bruntland Commission, 1987).

Endeavor: International non-profit organization whose mission is to transform the economies of emerging markets by identifying and supporting high-impact entrepreneurs.

Environmental balance: State of natural balance in an ecosystem provided by the interacting relations between the community members and their habitat, fully developed, where evolution occurs slowly and an interaction is produced between these factors.

Firm: KPMG Cárdenas Dosal, S.C.

***Global Reporting Initiative* (GRI):** Guide for the preparation of sustainability reports.

Turnover ratio: (Number of terminated employees(/Total number of employees) * 100

Mexican Federal Labor Law: Published by the Ministry of Labor and aimed at attaining a balance and social justice in worker / employer relations.

Sarbanes-Oxley Act: An American Federal Law, also known as the Public Company Accounting Reform and Investor Protection Act of 2002. The Legislation establishes new or enhanced standards for public company boards, management and public accounting firms.

Mitigation: Set of measures to counter or minimize the negative environmental effects that could have certain androgen interventions.

Total employee headcount: Total number of employees encompassed in the various age ranges and gender, at the end of each period.

Absenteeism Percentage (%):

$$\frac{\text{Hours absent from work}}{\text{Theoretical annual working hours}}$$

Suppliers: Person or entity that provides or supplies the necessary supplies or services related to the business purpose.

Corporate Social Responsibility: Our commitment to work in benefit of all our stakeholders and the environment, therefore contributing to a better future for all.

Society: A natural or agreed-upon group of people, independent of its members, formed with a view of meeting, through mutual cooperation, all or certain of the purposes of life.

Partner: Person in charge of one of the Firm's professional practices, that is measured as an independent business unit, who contributes specialized services and/or personal skills to a business, company or organization, assisted by an engagement team for which he/she is responsible and for which work he/she earns a share in the profits (losses) of such business, company or organization.

Abbreviations and acronyms

A.C.: Spanish acronym for business form used by charitable and non-profit organizations
AliaRSE: Alianza para la Responsabilidad Social Empresarial (Partnership for Corporate Social Responsibility)
AMECE: Asociación Mexicana de Estándares para el Comercio Electrónico, A.C. (Mexican Association for Electronic Commerce Standards)
ANTAD: Asociación Nacional de Tiendas de Autoservicio y Departamentales, A.C. (Mexican Association of Self-service and Department Stores)
CCP: Colegio de Contadores Públicos (College of Public Accountants)
Cemefi: Centro Mexicano para la Filantropía (Mexican Philanthropy Center)
DAF: Dirección de Auditoría Fiscal (Fiscal Auditing Agency)
GO: Global Opportunities
I.A.P.: Iniciativa de Asistencia Privada (legal form adopted by organizations that make up for government gaps in providing social assistance)
IMCP: Instituto Mexicano de Contadores Públicos (Mexican Institute of Public Accountants)
IMEF: Instituto Mexicano de Ejecutivos de Finanzas (Mexican Institute of Finance Executives)
KPMG: KPMG Cárdenas Dosal, S.C.
NOM: Norma Oficial Mexicana (Mexican Official Standard)
PCAOB: Public Company Accounting Oversight Board
PMP: Project Management Professional
SIFE: Students in Free Enterprise

GRI G3 Indicators

The tables below set forth the report pages where version G3 of the Global Reporting Initiative (GRI) indicators may be found.

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	GRI G3 Indicator	Page
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EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	32
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	33
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	32
	ENVIRONMENT PERFORMANCE INDICATORS	
EN1	Materials used by weight or volume	60
EN2	Percentage of materials used that are recycled input materials	61, 63
EN3	Direct energy consumption by primary energy source	
EN4	Indirect energy consumption by primary source	
EN5	Energy saved due to conservation and efficiency improvements	59
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	59, 63
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	60
EN8	Total water withdrawal by source	
EN9	Water sources significantly affected by withdrawal of water.	
EN10	Percentage and total volume of water recycled and reused	63

	GRI G3 Indicator	Page
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	
EN13	Habitats protected or restored	62
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	63
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	
EN16	Total direct and indirect greenhouse gas emissions by weight	59
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	59
EN19	Emissions of ozone-depleting substances by weight.	
EN20	NOx, SOx, and other significant air emissions by type and weight (fixed and mobile sources)	
EN21	Total water discharge by quality and destination	
EN22	Total weight of waste by type and disposal method	61
EN23	Total number and volume of significant spills	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	58, 65
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	29
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	
EN30	Total environmental protection expenditures and investments by type	
	SOCIAL INDICATORS	
LA1	Total workforce by employment type, employment contract, and region	38
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LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	39, 65
LA4	Percentage of employees covered by collective bargaining agreements	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	46
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	46
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	48
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	43, 44, 47, 49

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LA9	Health and safety topics covered in formal agreements with trade unions	
LA10	Average hours of training per year per employee by employee category	47
LA11	Programs for skills management and lifelong learning that support the continued employ-ability of employees and assist them in managing career endings	43
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	44
LA14	Ratio of basic salary of men to women by employee category	39
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	27
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	34
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	27
HR4	Total number of incidents of discrimination and actions taken	29
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	21, 22
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	28
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor	28
HR8	Percentage of security personnel trained in the organization's policies or procedures con-cerning aspects of human rights that are relevant to operations	47
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	28
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	51, 52, 65
SO2	Percentage and total number of business units analyzed for risks related to corruption	15, 22
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	27
SO4	Actions taken in response to incidents of corruption	27
SO5	Public policy positions and participation in public policy development and lobbying	28
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	28, 29
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly prac-tices and their outcomes	

	GRI G3 Indicator	Page
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PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes	29
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	25
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	33, 34
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	19, 28
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	29
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	29
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	29

UN Global Compact principles

The table below lists the Ten Principles of the UN Global Compact, identified throughout this report so as to be able to assess KPMG's performance in the areas covered:

UN Global Compact principles			Report Chapter	Subject	Page
Human Rights	GC1	Businesses should support and respect the protection of internationally proclaimed human rights	On this report: 1. Our company and its commitment to sustainability. 2. Ethics and corporate governance: value for our business	1.4. Vision and commitment to sustainability 2.3 Ethics and human rights 2.4 Transparency	9 17 26 28
	GC2	Businesses should make sure they are not complicit in human rights abuses	2. Ethics and corporate governance: value for our business 4. Value for our people	2.4 Transparency 2.5 Legal compliance 4.4 Recognition and equality of opportunities	28 29 44

UN Global Compact principles			Report Chapter	Subject	Page
Employees	GC3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	2. Ethics and corporate governance: value for our business 4. Value for our people	2.1 Mission, vision and values 4.4 Recognition and equality of opportunities	21 44
	GC4	Businesses should uphold the elimination of all forms of forced and compulsory labor	2. Ethics and corporate governance: value for our business	2.3 Ethics and human rights	26
	GC5	Businesses should uphold the effective abolition of child labor	2. Ethics and corporate governance: value for our business	2.3 Ethics and human rights	26
	GC6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	3. Create value for our stakeholders. 4. Value for our people	3.5 Value for our suppliers 4.4 Recognition and equality of opportunities	34 44
Environment	GC7	Businesses should support a precautionary approach to environmental challenges	5. Value for future generations: community and environment	5.3 Environmental policies and management	58
	GC8	Businesses should undertake initiatives to promote greater environmental responsibility	5. Value for future generations: community and environment	5.1 Management approach 5.4 Climate change – the challenge 5.5 Preserving our ecosystem	51 59 62
	GC9	Businesses should encourage the development and diffusion of environmentally friendly technologies	5. Value for future generations: community and environment	5.5 Preserving our ecosystem	62
Anti-corruption	GC10	Businesses should work against corruption in all its forms, including extortion and bribery	2. Ethics and corporate governance: value for our business	2.3. Ethics and human rights 2.4 Transparency 2.5 Legal compliance	26 28 29

Aspects assessed by the CEMEFI

To be recognized as a "Socially Responsible Business" the Mexican Center for Philanthropy (Centro Mexicano para la Filantropía or CEMEFI) made a diagnosis of the following aspects during 2008, reference to which in our report is illustrated in the table below.

- Quality of life in the workplace
- Relationship with community
- Business ethics
- Care and preservation of the environment

Aspects assessed by the CEMEFI	Report Chapter	Subject	Page
Quality of life in the workplace	1. Our company and its commitment to sustainability	1.4 Vision and commitment to sustainability	17
	4. Value for our people	4.2 Attraction and retention of talent 4.3 Training and professional development of our people 4.4 Recognition and equality of opportunities 4.5 Security management, prevention and training 4.6 Occupational health and safety 4.7 Security and civil protection	38 43 44 46 47 48
Business ethics	1. Our company and its commitment to sustainability	1.2 Operating areas 1.3 Major Services	17 16
	2. Ethics and corporate governance: value for our business	2.1 Mission, vision and values 2.2 Corporate governance 2.3 Ethics and human rights 2.4 Transparency 2.5 Legal compliance	21 23 26 28 29
	3. Create value for our stakeholders	3.3 Value generated by KPMG	32
	4. Value for our people	4.1 Management approach	37
Relationship with community	1. Our company and its commitment to sustainability	1.4 Vision and commitment with sustainability	17
	3. Create value for our stakeholders	3.1 Stakeholders 3.2 Interaction with our stakeholders 3.3 Value generated by KPMG 3.4 Value for our clients 3.5 Value for our suppliers 3.6 Value for our partners	31 31 32 33 34 35
	4. Value for our people	4.6 Occupational health and safety 4.7 Security and civil protection	47 48
	5. Value for future generations: community and environment	5.1 Management approach 5.2 KPMG community	51 52
Care and preservation of the environment	1. Our company and its commitment to sustainability	1.4 Vision and commitment to sustainability	17
	4. Value for our people	4.5 Security management, prevention and training 4.7 Security and civil protection	46 48
	5. Value for future generations: community and environment	5.1 Management approach 5.2 KPMG community 5.3 Environmental policies and management 5.4 Climate change – the challenge 5.5 Preserving our ecosystem	51 52 58 59 62

We'd like to hear from you

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